

CONTRACTING BY NEGOTIATION

INSTRUCTOR GUIDE

FEDERAL ACQUISITION INSTITUTE
CURRICULUM OF PROCUREMENT
TRAINING COURSES

CURRENT THROUGH
FAC 90-25

OFFICE OF ACQUISITION POLICY
GENERAL SERVICES ADMINISTRATION

APPROACH TO THE COURSE

Length:	One week (5 days).
Who Should Attend:	Contract Specialists in entry level (GS 1102-5 to GS 1102-7) positions.

PREPARING TO TEACH BASIC PROCUREMENT

To teach this version of Contracting by Negotiation, for the first time, you should plan 40 to 80 hours of preparation. You will not need this time to research and build your own detailed lecture notes, case studies, role-plays, or the like. This Instructor's Guide is complete with all the instructional materials necessary to deliver the course. Rather, you will need the time to become thoroughly familiar with the Text/Reference and this Instructor's Guide.

You may want to include annotations or build your own additional examples for teaching points.

Draw on any supplementary materials available to you. For example, bring a copy of an RFP for the class to peruse.

Review the attendance roster prior to class to evaluate the makeup of the group (i.e., organization unit, grade level, etc.). Continue to evaluate for experience and ability level throughout the course. Use this information to form study/work groups as needed.

Arrange for the necessary training aids:

- View graphs and overhead projector.
- Flipchart and markers (enough for the groups to use all week).
- Chalk for the chalkboard.

Examine the classroom before the students arrive, preferably no later than the day before. Make certain there is a table upon which you can place all your materials. Make sure the location of your table and/or podium is visible by all students. Make certain there is sufficient room for you to move easily among the several tables to assist individuals as needed. If possible, set up table in middle of room for role-plays and negotiation sessions

TIPS ON CONDUCTING THE COURSE

Time management is critical. Stick to the schedule. Move the class along. If questions are asked on Monday that pertain to topics to be covered on Tuesday, defer answering the questions until Tuesday.

At the end of each day, remind the students of their reading assignments for the night. As indicated in the text, punctuate lectures with questions that the students should be able to answer from the previous night's reading.

Remember to get the completed course evaluation form from all students.

INSTRUCTIONAL METHODS

Since the principal purpose of the course is to teach skills, lecture is de-emphasized with more reliance given to:

- Case Studies
- Individual and Group Exercise
- Role-Plays
- Class Discussion

When groups are working on case studies, visit each group to answer questions or emphasize certain aspects of the exercise. Do not read newspaper or otherwise be distracted during exercises. Read ahead to be prepared for next material in IG.

EVALUATING YOUR PERFORMANCE

The following are among the criteria for evaluating your performance:

- Accomplishment of the learning objectives.
- Coverage of all teaching points, case studies, group exercises, and role-plays.
- Effectiveness in presenting the lectures, group exercises, case studies, role-plays, and discussions.
- Use of all Classroom Exercises provided to the students.
- From time to time this course will be monitored for adherence to this IG.

FORMAT OF THE INSTRUCTOR GUIDE

❶ TOPIC: TECHNICAL EVALUATION**❷ Ref.:** Chapter 3, Pages 3-5 to 3-18**❸ Objective:** When you complete this lesson, your students should be able to:

- Research factors used for comparable procurements.
- Determine whether award will be based on “lowest price” or “greatest value.”
- Critique factors for determining acceptability.
- Obtain agreement on the factors.
- Incorporate factors in the solicitation.

❹ Time: Monday 3:35 - 4:00**❺ Method:** Lecture/Individual, Class and Group Exercises**Lesson Plan****Ref.**TR 3-5
to 3-6**❻****❼ Steps In Presenting The Topic****3.1.1 Research Technical
Evaluation Factors. ❸**

❽ Tell the class that market research plays an important role concerning evaluation factors.

- **Question:**

In what way can market research assist in determining evaluation factors?

Answer: Market research can help identify evaluation factors that are typically used in similar procurements.

Instructors Notes**❽**

KEY TO FORMAT

- ❶ Each lesson begins with a topic. Most chapters address more than one topic.
- ❷ The Ref. (i.e., reference) is to the corresponding chapter or pages from the text/reference for the topic.
- ❸ This identifies learning objective(s) related to the topic.
- ❹ This identifies the starting time for coverage of the topic (i.e., 3:35 - 4:00).
- ❺ This is the method of instructing this lesson. Other methods include role-play, case study, class and group exercises.
- ❻ This column provides occasional references to pages from the Text Reference (TR 3-5 to 3-6) and from the Classroom Exercise Book (CE 3-5). Note that the Classroom Exercise Book has been incorporated into this Instructor Guide—as the instructor, you will therefore only have to work with the Instructor's Guide and the Text/Reference.

This column also contains icons or visual queues to the method of instruction (see following page for a catalog of icons and the definition of each).

- ❼ This column presents the teaching points, information to support the teaching points, and transitions.
- ❽ This column for the most part is blank. Please feel free to add your own personal notes to your copy of the Instructor's Guide.
- ❾ This is a teaching point. You are responsible for covering all such points.
- ❿ This information supports the teaching point. We have tried to provide all the information necessary for each teaching point, so that you will not have to do additional research to teach Contracting by Negotiation. However, you should try to convey this information in your own words. More importantly, we strongly encourage you to weave in your own examples and draw on your own experience in presenting the teaching point.

ICONS

The Icons used in this instructor guide are shown below:



Show view graph



Show interactive view graph



Instructor note of special significance



Role-play



Use chalkboard/flipchart



Group Exercise



Question/Answer sessions



Case Study



Text Reference

TOPIC: INTRODUCTION TO CONTRACTING BY NEGOTIATION


Reference: Introduction, Classroom Exercise Book

Objective: When you finish this lesson, your students should be able to:

- Establish working groups.
- Be familiar with the course materials.
- Identify how the Contracting by Negotiations course is organized.

Time: Monday 8:00 - 8:45

Method: Lecture/Group Exercise

Lesson Plan		
Ref.	Steps In Presenting The Topic	Instructors Notes
	<p>a. Class Introduction.</p> <p><u>Assign</u> Chapter 1 - Procurement Planning Review and answer the true/false questions on CE 1-2. (This should be done while the students are arriving.)</p> <p><u>Ask</u> Students to fill out their name plates as they arrive with their first name only and agency acronym.</p> <p> <u>Write</u> on the chalkboard what information you want the students to provide about themselves.</p> <ul style="list-style-type: none"> • Name. • Office. • Title. • Reasons for attending this course. • How long you have been in your career field. • What other procurement courses you have taken. • How do you think this course will help you perform your job. 	<p>Be sure to individually greet each student and tell each student to immediately read Chapter 1 and answer T/F questions as we wait for other students to arrive. At 8:00 tell students to stop working on Chapter 1 until after introductions are complete (8:45) at which time Chapter 1 assignment can be completed.</p> <p>NOTE: Exercise CE 1-2 is meant to give you some Monday morning time flexibility so you can begin SOW topic on time at 9:30 even if some students arrive late. Latecomers can complete reading Chapter 1 as part of Monday evening reading assignment.</p> <p>Don't delay start of SOW beyond 9:30!</p>

b. Start the course by saying:

Good Morning, my name is

_____ and I am the
instructor for the Contracting by
Negotiation Course.

c. Verify this is the Correct Class.

Ask "Is everyone in the right course?"

d. Tell the Students About Yourself.

Provide background.

e. Have Students Introduce Themselves.

Ask each student to stand and address the class.

Assign students to working groups for the week. Try to balance groups based on experience, agency representation, and personalities you observe during introductions.

Number of groups

This is dependent upon the number of students in the class. It is recommended you have 4 or 5 team members for each group.

f. Discuss the Course.

Explain to the class that there will be individual, group, and class exercises. The best way to teach contract specialists is to actually perform tasks in lieu of listening to someone talk about them.

TR and
CE



Caution the students that in order for them to get the most out of this course, they should:

- read their assignments,
- participate in class, and generally,
- have a good time learning.

g. Discuss Course Materials.

Explain to the class that they have been given **two** books, they are

- Text Reference (TR)
- Class Exercise Book (CE)

Tell the class to bring **both** books everyday.

Explain that the Text Reference (TR) consists of **18 chapters** and related appendices.

Direct the students attention to the Table of Contents. Have the students take a look at the chapters that will be covered. Explain to them this course covers contract specialist tasks between reviewing the Statement of Work and awarding the contract.

TR



Explain there will be an in-class lesson for chapters 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 15, and 16 in this **Text Reference**.

Inform the class that 6, 14, 17, 18, and Appendix A are for the most part taught in Sealed Bidding and are embedded in the TR for continuity and ease of use purposes.

Advise the students that they are responsible for reading all the chapters and that reading assignments will be given as homework.

This book is intended to be used in this classroom and also as a desk reference on the job.

There are no test items from these chapters.

(except 6,14,17,18, and Appendix A)

CE



Explain that the Classroom Exercise Book consists of 14 lessons.

Direct the students attention to the Table of Contents. Notice, each lesson in the **Classroom Exercise Book** corresponds to a chapter in the **Text Reference**.

Tell the class that an example is Lesson 2 in the **Classroom Exercise Book**. It covers case studies and exercises pertaining to Statements of Work (SOW).

Explain that the **Classroom Exercise Book** contains:

- Case Studies
- Exercises
- Scenarios
- Role-Plays
- View Graphs

Ask the class to inform you if you fail to tell them which book they should be using.
(Book covers may be printed in different colors.)

Explain to the class that some exercises will require you to work individually and others will require group work. During the group exercise, one member of the group will present its response to the class using the flip chart pages provided.

Explain that the course will use a case study based on a fireworks procurement throughout the week. These exercises build upon one another.

Tell the students to assume they are a Contract Specialist for the National Park Service.

h. Discuss Administrative Details.

Explain the whereabouts of the restrooms, eating spots, beverage places (or call on students who are familiar with the area).

State:

- Class is from **8 a.m. to 4:00 p.m.**
- You will be given two (2) fifteen minute breaks--one in the morning and one in the afternoon and one hour for lunch.

i. Seat the New Groups.

Students are to move to their new groups for the entire week. If they complain about not being able to sit with their friends, **state: "diverse groups are the best groups to have."**



CE I-2 to
I-7

j. Assign Case Study "Group Dynamics."

Inform the class to read the Group Dynamics Case Study and to provide the needed information.

Allow 10 minutes for this exercise.

Ask if everyone is ready. If not, give them 5 more minutes.

Walk from group to group and answer questions the individual groups may have.

Case Study I-1

"Group Dynamics"

The objective of this exercise is to establish ground rules and operating procedures to be followed by your group.

Directions: Part I. Assign roles to group members and name your group.

Identify a facilitator_____

The facilitator acts as the group leader and is responsible for keeping the group focused on the objective.

Identify a recorder_____

The recorder keeps the group's notes and is responsible for preparing the group's written assignment when required.

Identify a time keeper _____

The time keeper is responsible for the time being spent by the group.

Identify a spokesperson for each day of the week:

Monday _____

Tuesday _____

Wednesday _____

Thursday _____

Friday _____

The spokesperson responds for the group and makes presentations.

Give your group a one word name: _____

1. Summarize Case Study “Group Dynamics.”

Lead the class in a discussion. Ask the following questions.

- Are all the members of your team satisfied with the ground rules and operating procedures?
- Let's take a look at your group names and your lists. Solicit discussion.

When breaking into groups to perform an exercise, or on a daily basis, or as decided by the group. **Remind the students to:**

Identify a new facilitator.
Identify a new recorder.
Identify a new time keeper.
Identify a new spokesperson.

Tell students that making presentations is a very important skill to acquire to be an effective contract specialist.

NOTE: To facilitate presentations, each group should have use of a flip chart to prepare presentations.



CE I-7

m. Turn to the Introduction in the Classroom Exercise Book.

Locate the “Dear Student” letter identifying the course objectives.

Dear Student:

This week, you will receive training as a Contract Specialist, GS-1102. You will be involved in a hypothetical procurement for a fireworks display, serving as a Contract Specialist for the National Park Service.

You must perform the following contracting by negotiation duties and tasks to procure a fireworks display.

1. Critique the Statement of Work (SOW).
2. Review the Purchase Request (PR).
3. Review the market research for accuracy and thoroughness.
4. Critique evaluation factors and determine the overall weight for each factor.
5. Develop a Source Selection Plan (SSP).
6. Perform a risk analysis.
7. Review proposals for responsiveness.
8. Critique the technical evaluation.
9. Develop a rationale for a prenegotiation position.
10. Identify contingencies.
11. Determine if elements of cost are allowable.
12. Perform a cost analysis.
13. Establish a competitive range.
14. Develop a prenegotiation plan.
15. Conduct negotiations.
16. Make an award decision.
17. Maintain your contract file.

In addition to the above tasks, you will be asked to perform additional work based on situations that aren't related to procuring a fireworks display.

At the completion of this course, you will be given a closed book exam. The exam will contain multiple choice and true/false questions. The test questions are derived from the Text Reference. Performing the classroom exercises will help you understand the materials in the Text Reference and prepare you for the test. You should not assume you can pass the test without participating in class and completing the reading assignments. Certificates will be provided to students who have attended class, participated in the class exercises, and passed the closed book exam.

Now, let's begin the Contracting by Negotiations Course by completing your reading of Chapter 1- Procurement Planning Review. In addition, answer the true/false questions located on page CE 1-2 of this book.

Give the students an opportunity to scan the letter.

Tell the students to look at and review the Course Agenda.

Allow students an opportunity to ask any questions they may have about the course, the materials, etc.

NOTE: Students also have copy of Review Game Rules after letter. If they ask about the rules, tell them to familiarize themselves with the rules, and you will go over them later.

Review Game Rules

During this week you will participate in two reviews, Wednesday and Friday morning. The review is set up as a game that combines fun and learning. Following is a list of rules for the review game:

- 20 Questions for each review game.
- The review is closed book.
- A question may be passed with no penalty. If a question is passed, another group may “steal” the question.
- Correct Answer = 20 points.
- Incorrect Answer = -10 points.
- Correct Steal = 10 points.
- Incorrect Steal = -10 points.
- The group with the most points at the end of the game wins.
- The instructor is the final judge on acceptable/unacceptable answers.

End Of Introduction, Begin Lesson 1.

Lesson Plan

CHAPTER 1 - PROCUREMENT PLANNING REVIEW

[illegible]

TOPIC: PROCUREMENT PLANNING REVIEW

Ref: Chapter 1, Pages 1-2 to 1-23


Objective: When you finish the review to the lesson, your students should be able to:

- Recall the definition for the term Purchase Request.
- Recall the purpose of the Purchase Request.
- Recall the Contract Specialist's role in the Purchase Request.

Time: Monday 8:45 - 9:30

Method: Lecture/Discussion/Individual Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 1-2 to 1-23	<p>Assign Class Reading of Chapter 1 - Procurement Planning Review and True/False Questions.</p> <p><u>Explain</u> to the class that they are to continue reading Chapter 1 as a review of the prerequisite course Procurement Planning, and answer some T/F questions.</p> <p><u>Tell</u> the class that this exercise also serves as an introduction to the Text Reference (TR).</p> <p><u>Tell</u> the class that they have 20 minutes to complete reading the chapter and answer the 13 True/False questions.</p> <p>Discuss True/False Questions.</p> <p><u>Call</u> on students randomly to solicit the answers to the True/False questions.</p> <p><u>Ask</u> the students for the correct answer when a statement is false.</p>	<p>Explain briefly that the Federal Acquisition Institute is developing a curriculum of procurement training courses and that Procurement Planning is a recommended prerequisite for both Sealed Bidding and this course.</p> <p>Spend approximately 10 minutes reviewing the answers to the True/False questions.</p>

Procurement Planning Review True/False Questions

Carefully read each statement and answer True or False. Correct false answers.

- T 1. Reviewing the Purchase Request (PR), conducting market research, and reviewing the Statement of Work (SOW) are major steps in procurement planning.
- T 2. A Purchase Request (PR) is a means of communicating what has to be acquired through contracting to the Contract Specialist.
- T 3. Market Research is used to promote the Government policy on full and open competition.
- F 4. The Statement of Work (SOW) is written by the Contract Specialist and reviewed by the Requiring Activity.

<i>Instructor's answer: False. It's the Requiring Activity's responsibility to write the SOW and the Contract Specialist's responsibility to review it (Text Reference 1-8).</i>

- T 5. A service contract directly engages the time and effort of a contractor whose primary purpose is to perform an identifiable task.
- T 6. An agency shall not award personal services contracts unless specifically authorized by statute to do so.
- F 7. Price or cost to the Government is sometimes included as an evaluation factor in certain types of contract actions.

<i>Instructor's answer: False. Price or cost to the Government <u>is always</u> included as an evaluation factor in every contract action (Text Reference 1-12).</i>

Procurement Planning Review

True/False Questions

 F 8. Contract actions always provide for full and open competition.

Instructor's answer: False. Contracting without full and open competition violates the Competition in Contracting Act of 1984, unless there's an exception. Exceptions are only one responsible source or unusual/compelling urgency, etc. (Text Reference 1-13).

 T 9. If a Contracting Officer uses a sole source justification he/she must justify the use in writing, certify the accuracy, and obtain the necessary approval.

 F 10. The 4 methods of obtaining a requirement are sealed bidding, contracting by negotiation, sole source, and source selection.

Instructor's answer: False. There are only two methods for obtaining a requirement which are sealed bidding and contracting by negotiation (Text Reference 1-17).

 T 11. A major difference between sealed bidding and negotiated procurement is the opportunity to conduct written and oral discussions during negotiated procurement.

 T 12. The most important step to conducting negotiated procurements is the need for planning by contracting and Requiring Activity personnel.

 F 13. The procurement plans, as discussed in the Text Reference, are prepared by the Requiring Activity and include milestones.

Instructor's answer: False. The procurement plans are prepared by the Contract Specialist, not the Requiring Activity (Text Reference 1-19).

Review the Definition and Purpose of the Purchase Request (PR).

Describe the PR as it was discussed during the Procurement Planning Course. In addition, review its purpose, definition, and the Contract Specialist's role for this course.

Explain that the procurement process begins when the Requiring Activity completes a PR; and the Procurement Administrative Lead Time (PALT) begins when the contracting activity **accepts** the PR.



- **Question:**

What is the definition of a PR?

Answer: A requisition prepared by a Requiring Activity:

- Describes the supplies or services to be acquired.
- Certifies the availability of funds for the acquisition.
- Includes other information, clearances, and approvals necessary for the Contract Specialist to initiate the acquisition.



- **Question:**

What is the purpose of a PR?

Answer: A means of communication between the Contract Specialist and the Requiring Activity on what has to be acquired through contracting and the requirements for the supplies or services.

Discuss the Contract Specialist's Role in the PR.

Explain that the Contract Specialist is responsible for reviewing the PR and identifying any omissions or deficiencies.

Tell the class that you will discuss this in more detail later in lesson 2.

End of Chapter 1 - Procurement Planning Review

Lesson Plan

CHAPTER 2 - STATEMENT OF WORK

TIME	TOPIC	OBJECTIVES
Monday 9:30 - 9:35	Introduction to Statement of Work (SOW)	<ul style="list-style-type: none">• Define the term Statement of Work (SOW).• Recognize the purpose of a SOW.• Recall the Contract Specialist's role in completing an accurate SOW.
Monday 9:35 - 10:15	Market Research	<ul style="list-style-type: none">• Research acquisition history and markets for similar/same requirements.
Monday 10:15 - 10:30	BREAK	
Monday 10:30 - 12:00	Statement of Work (SOW)	<ul style="list-style-type: none">• Describe the elements that comprise a SOW.• Identify how to critique a SOW.• Critique proposed SOW identifying inadequacies.• Critique related elements of the Purchase Request (PR) from data obtained from acquisition histories and Market Research.• Discuss recommendations with the Requiring Activity and obtain agreement on final SOW changes.
Monday 12:00 - 1:00	LUNCH	
Monday 1:00 - 1:15	Used and Reconditioned Material	<ul style="list-style-type: none">• Determine whether used or reconditioned materials, former government surplus property, or residual inventory would be acceptable in meeting the need.
Monday 1:15 - 1:35	Government's Description of Need	<ul style="list-style-type: none">• Select techniques for testing and improving the Government's description of the need and determining or sparking the private sector's interest in meeting the need• Implement selected techniques for testing and improving the Government's description.
Monday 1:35 - 1:45	Certificates of Cost or Pricing Data	<ul style="list-style-type: none">• Determine whether certified cost or pricing data are required.

TOPIC: INTRODUCTION TO STATEMENT OF WORK

Ref.: Chapter 2, Pages 2-2 to 2-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- Define the term Statement of Work (SOW).
- Recognize the purpose of a Statement of Work (SOW).
- Recall the Contract Specialist's role in completing an accurate Statement of Work (SOW).

Time: Monday 9:30 - 9:35

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 2-3	<p>Introduction to the Statement of Work (SOW).</p> <p>Tell the class that a SOW is a complete description of work to be performed under the contract, encompassing all specifications and standards established or referenced in the contract.</p> <p>Remind the class that the SOW comprises Part C of the Uniform Contract Format (UCF).</p> <p>• Question:</p> <p>What is the purpose of a SOW?</p> <p>Answer: The SOW provides a means of describing the type of work to be completed and sets forth the methods by which the Government determines that its requirements have been met. In addition, it identifies the technical and management data to be delivered.</p>	



Point out to the class that the SOW is very important. A SOW that does not clearly and precisely describe what is wanted, may cause problems to occur between the Contract Specialist, the Requiring Activity, and the prospective contractor.

Describe the Contract Specialist's Role in the SOW.

Explain to the class that as Contract Specialists they are responsible for reviewing a completed SOW. They must identify errors, omissions, and unclear points. Again, remind the class how important an accurate SOW is.

TOPIC: MARKET RESEARCH

Ref.: Chapter 2, Page 2-5

Objective: When you finish this lesson, your students should be able to:




- Research acquisition history and markets for similar/same requirements.

Time: Monday 9:35 - 10:15

Break 10:15 - 10:30

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 2-5	<h3>2.1 Research Acquisition History and Markets.</h3> <p>Explain to the class that market research is a valuable source of information. This information can be used to evaluate a SOW in terms of the market's capabilities.</p> <p>• Question:</p> <p>What are the different kinds of market information?</p> <p>Answer:</p> <ul style="list-style-type: none"> - Available products and services to meet the minimum functional needs. - Current and potential suppliers. - Trends in supply/demand. - Production and/or delivery lead-times. - Factors that affect market prices. - SOW used by Government and industrial buyers. - Problems, issues, and recommendations from award and administration of previous contracts. - Feedback from suppliers on previous contracts. - Private sector practices in acquiring goods/services for similar requirements. 	
		
		<p>You may write the answers on the chalkboard as the class provides them.</p>



CE 2-2

Assign Exercise 2-1 “Market Report.”

Tell the class to individually read the market report provided for the fireworks procurement and to identify any additional information that they may need, any errors or omissions located in the market report.

Inform the class that they have 30 minutes to complete the exercise.

Tell the class to take good notes on this exercise they will reference this information in a later exercise.

Walk around the room and interact with the individual groups. Answer any questions the groups may have.

Explain that this report is from an exercise in the Procurement Planning course and that this Negotiation course picks up the fireworks exercise and carries it forward to award.

Exercise 2-1

Market Report Fireworks Display

Review the following market report for the fireworks display and identify any errors or omissions.

I. Background

A fireworks display will be provided in celebration of Independence Day.

The Contractor must provide labor, material, and equipment for a presentation of an innovative and attractive aerial fireworks display. The program's objective is to create a spectacular, musical, and continuous-fire aerial display visible to an audience viewing from many vantage points not immediately adjacent to the discharge site. To achieve this, the contractor must include as many high bursting pieces as possible, allowing for appropriate layering and balance of the program with no breaks or gaps in the display.

Instructor's answer: There is no mention of the length of time for the fireworks display in this market report. This is an omission that the students must identify. The students may also point out that the fireworks display location is omitted.

II. Display

The fireworks display is scheduled to commence at 9:15 pm on July 4, 1993 unless modified in writing by the Contracting Officer's Representative (COR) at the launch/discharge site.

In the event of inclement weather, the display will be rescheduled for July 9, 1993. The decision to postpone the display will be made by the COR.

The contractor will be required to allow time for adjustments to the setup if required. All the mortar tubes shall be setup, fastened together, and any foundation sand in place by 11:00 am on July 4, 1993.

III. Potential Suppliers

The attached mailing list was developed using sources identified in the Thomas Register, Donnelly Procurement Directory and by contacting the National Park Service in Washington, DC.

Other display sources are identified by the following fireworks manufacturers:

Illinois Fireworks Co., Inc.
P.O. Box 792
Danville, IL

Burnett Fireworks, Inc.
3502 - TN Washington St.
Enid, OK

Exercise 2-1

Market Report Fireworks Display (cont.)

New Jersey Fireworks Mfg. Co.
P.O. Box 118
Vineland, NJ

Vitale Fireworks Manufacturer Co.
P.O. Box 3
New Castle, PA

Ohio Fireworks Manufacturing Company
Rock Hill Place
Bellaire, OH

Elkton Sparkler Co Inc./M/D
P.O. Box F
North East, MD 21901

IV. Distinguishing Characteristics

The proposal shall focus on aerial display only; ground displays and set pieces shall not be considered, and no parachute shells of any type shall be allowed. The fireworks display shall include approximately 3,000 - 3,500 individual shells. The suggested numbers of shells are provided as follows. (These are to be regarded as guidelines, however, innovation and creativity on the part of the contractor, contributing to the enhancement of the program, is encouraged).

Shell Size	Approx. Number
10" - 12" shells	90 - 100
6" - 8" shells	1800 - 2100
3" - 6" salutes	450 - 530
4" - 5" shells and candles	600 - 700
3" shells - Finale only	60 - 70

V. Market Prices

A telephone survey of prospective offerors revealed prices for a fireworks display ranged from \$62,000 to \$83,000. The prices paid by the National Park Service increased approximately 6% annually for the last three years. July 4 ceremonies were as follows:

Instructor's answer: *There is no mention of funding that was allocated for this procurement. This is an omission that the students must identify.*

July 4, 1989 \$64,000
July 4, 1990 \$68,000
July 4, 1992 \$72,000

The fireworks display to be used this 4th of July will be similar in scope and length of time as the previous years. Therefore, approximately \$76,000 is considered reasonable when compared to current market prices.

Exercise 2-1

Market Report Fireworks Display (cont.)

VI. Trends in Supply and Demand

Prices appear to be most competitive during the July 4 time period. Unfortunately, this is the peak period and most companies have been booked a year in advance. The source list developed includes all firms that have indicated an interest in responding to the requirement.

The shells have been improved to lower the risk of injury. Qualified operators are required to take a safety course twice annually for which they receive a certificate for successful completion.

VII. Commercial Terms

Most companies manufacture, import, and distribute fireworks and the majority of sales have been on a firm-fixed price basis. The companies must provide insurance and furnish a performance bond equal to 100% of the contract price.

Proper storage of live loads and overall safety in conducting fireworks display must be in accordance with the Fireworks Safety Act of 1988 and the National Fire Protection Association Standard 1123-1982, respectively.

Substitutions are not usually made unless approved by the customer at least 30 days prior to the date of the fireworks display. Failure to provide exact brand, size, and quantity of shells as submitted in the final proposal will result in reduction in payment.

Deficiencies greater than 1 percent in the number, quality, and/or sizes of shells furnished usually result in non-payment for said shells at the contract price plus assessment of liquidated damages in a specified amount which will be deducted from the final contract payment.

The contractor is responsible for the complete setup and cleanup of the display and supplying all necessary materials. The contractor will furnish qualified operators for setup, launch, and take down and abide by all Federal, state, local, and Office of Parks & Recreation regulations which apply to handling pyrotechnics.

The contractor is responsible for cleanup of the launch/discharge site to include: cleanup of shell fragments, bits of fusing, and any hazardous material; gathering sand from the discharge area into piles for proper removal by the customer.

Exercise 2-1

Market Report Fireworks Display (cont.)

The customer normally furnishes:

1. Safety fence/rope.
2. Sand (maximum 30 tons; requirements exceeding 30 tons will be the responsibility of the contractor. Provide Contracting Officer's Representative with the amount of sand required the day of the display).
3. Supplemental site security when live loads are moved on to the firing site.
4. Telephone on site (local service calls only).

VIII. Concerns about Quality

The improved shells are being used by all vendors in accordance with the Fireworks Safety Act of 1988. There are fewer accidents at the larger controlled fireworks displays since the passage of this law. However, 95% of fireworks related accidents over the past five years happened to inexperienced individuals (children and unqualified, untrained adult consumers). Qualified operators are essential in this business; therefore, companies have a responsibility to provide adequate training programs and are required by law to provide safety training courses.

The shells are tested by a performance detector sensor. The shells that do not meet the minimum performance standard are disposed of in accordance with company policy.

Instructor's answer: *There needs to be more detail provided about artistic quality. Some examples are personal experience, video tapes, and references. This is an omission that the students must identify.*

IX. Acquisition History

See Section V, Market Prices, of this Market Report.

Fireworks Source List

Illinois Fireworks Co., Inc.
P.O. Box 792
Danville, IL

Burnett Fireworks, Inc.
3502 - TN Washington St.
Enid, OK

New Jersey Fireworks Mfg. Co.
P.O. Box 118
Vineland, NJ

Vitale Fireworks Manufacturer Co.
P.O. Box 3
New Castle, PA

Exercise 2-1
Market Report Fireworks Display (cont.)

Ohio Fireworks Manufacturing Company
Rock Hill Place
Bellaire, OH

Elkton Sparkler Co Inc./M/D
P.O. Box F
North East, MD 21901

Review Exercise 2-1 “Market Report.”

Randomly **call** on groups to provide their answers. Ask other groups to add or comment on first presentation.

Lead the class in a discussion on Exercise 2-1. Ask the following questions:

- Do you think this Market Report is accurate and informative? Why?
- How does market research impact the SOW? (The Market Report helps the RA specify SOW requirements and approaches. It also provides different options for obtaining the same goal.)
- Will this Market Report be helpful in developing the SOW? Why?

Tell the class to add the Market Report to the appropriate Section of their Contract File. This file is at the back of the Classroom Exercise book labeled “Contract File.”

Tell the students that this contract file is their responsibility. They must maintain it during the week.

Briefly discuss the purpose of the Contract File.

Reference the Symbols in the Text Reference of “file folders.” This symbol is a cue that the item is part of the contract file. The number on the “file folder” symbol corresponds to the check list on page TR 15-9.

Spend approximately 10 minutes reviewing the errors the class found on the market report.

Students will come up with more deficiencies than listed in the IG. Comment on these ideas and add answers from IG if not covered.

The Sections of the Contract File have been arbitrarily selected for ease of use.

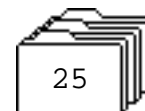
Because exercises build on one another, they will be constantly referring back to previous exercises, and the “contract file” will make it easier.



TR 15-8
to 15-9



TR 15-8



BREAK

TOPIC: STATEMENT OF WORK (SOW)

Ref.: Chapter 2, Pages 2-5 to 2-17

Note that the objectives are taught in a different sequence from the Text Reference.

Objective: When you finish this lesson, your students should be able to:


- Describe the elements in a Statement of Work (SOW).
- Identify how to critique a Statement of Work (SOW).
- Critique proposed Statement of Work (SOW) identifying inadequacies.
- Critique related elements of the Purchase Request (PR) from data obtained from acquisition histories and market research.
- Discuss recommendations with the Requiring Activity and obtain agreement on final Statement of Work (SOW) changes.

Time: Monday 10:30 - 12:00

Lunch 12:00 - 1:00

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 2-5	<h3>2.2 Describe the Elements of a Statement of Work (SOW).</h3> <p>Remind the class that although it's the Requiring Activity's responsibility to draft the SOW, they must understand what elements comprise a SOW. A Contract Specialist must have a clear understanding of what is being bought in order to negotiate costs, terms, and conditions.</p> <p>Tell the students that a good SOW is usually organized in the following format:</p> <ul style="list-style-type: none"> • Scope/Background/Objectives • Contractor Tasks • Contract End Items 	



TR 2-6

Tell the class that they should always ask and have answered the Who?, What?, Where?, When?, and How? in the SOW and related aspects of the Purchase Request (PR).

Instruct the students to follow along as you explain the elements of a SOW as they relate to this format. Reference Exhibit 2-2.

- Scope/Background/objectives
- Contractor Tasks
- Contract End Items

Ask the class if they have any questions relating to the elements that comprise a SOW. Answer any questions.

2.3 Critique SOW for Inadequacies.



Point out to the class that the SOW is read by a variety of people and it must be written in such a way that there can only be one interpretation.



TR 2-7

Discuss with the class the examples of inadequacies that can occur in a SOW. Instruct the class to follow along in the TR Exhibit 2-3.

- Ambiguous terms
- Unclear division of responsibilities
- Restrictive requirements
- Omissions
- Doesn't specify minimum needs
- Wrong specifications
- Improper format
- Nonessential requirements

- **Question:**

What is the difference between a level-of-effort SOW and a task completion SOW?

Answer: The level-of-effort SOW requires the furnishing of a technical effort and a report on the results and the task completion SOW requires the development of tangible end items designed to meet specific performance characteristics.



TR 2-8
to 2-9

Direct the class to look at the checklist in the TR.

Tell them that this checklist will help them review a SOW. When using this checklist to review the SOW they must ensure that the response to each item is appropriate before proceeding.



CE 2-6

Assign Exercise 2-2 “Statement of Work.”

Tell the class to review the sample SOW and checklist from the TR (pages 2-8 to 2-9) and identify any inadequacies or omissions in the SOW.

Tell the class that they have 30 minutes to complete this exercise.

Walk around the room and interact with the individual groups. Answer any questions the group may have.

Exercise 2-2 Statement of Work

Review the following SOW for the fireworks display and identify any errors or omissions and any examples of poor, unclear writing or organization.

PART 1: SCOPE/OBJECTIVE

1.1 Scope of Work

Provide labor, material, and equipment for a presentation of an innovative and attractive aerial fireworks display.

1.2 Objective

The program objective shall be to create a spectacular, continuous-fire, aerial display visible to an audience viewing from many area vantage points not immediately adjacent to the discharge site.

PART 2: CONTRACTOR TASKS

To achieve this objective, the contractor is urged to include as many high bursting pieces as possible, allowing for appropriate layering and balance of the overall program with no perceptible breaks or gaps in the display. The following general parameters are provided for accomplishment of the objective:

2.1 Length of Display: 30 - 35 minutes of continuous firing.

Instructor's answer: There is a time discrepancy between section 2.1 and section 2.4. This is an error that the students must identify. The fireworks display should be no longer than 35 minutes.

2.2 Music: Music/narration tape shall be provided by the contractor and shall be of an upbeat and patriotic theme.

2.3 Fireworks: Total display shall include approximately 3,000 - 3,500 individual shells. Suggested numbers of shells are provided as follows. These are to be regarded as guidelines, however, innovation and creativity on the part of the contractor, contributing to the enhancement of the program, is encouraged. The proposal shall focus on aerial display only; ground displays and set pieces shall not be considered, and no parachute shells of any type shall be allowed.

Exercise 2-2

Statement of Work (cont.)

Shell Size	Approx. Number
10" - 12" shells	90 - 100
6" - 8" shells	1800 - 2100
3" - 6" salutes	450 - 530
4" - 5" shells and candles	600 - 700
3" shells - Finale only	60 - 70

2.4 The shells shall be distributed within the following segments:

Opening: The first 1 1/2 - 2 minutes will be televised live so the opening shall include a selection of showy, high-bursting pieces.

Approximately 10 minutes in length.

Body: It is recommended that the body of the program contain approximately 2000 individual pieces.

Approximately 25 minutes in length.

Finale: Since the final impression is generally the lasting impression in a fireworks program, it is recommended that the offeror place a good deal of emphasis on the final portion of the program.

Approximately 10 minutes in length.

Instructor's answer: The time requirements differ in this section (2.4) and section 2.1. This is an error that the students must identify. The display should be no longer than 35 minutes.

2.5 Setup, Cleanup and Take Down.

1. The contractor shall be responsible for the complete installation and cleanup of the display and supplying all necessary materials in connection therewith except as provided for under Paragraph 7 Government-Furnished Items.
2. The contractor shall furnish qualified operators for setup, launch, and takedown and abide by all Federal, state, local, and National Park Service regulations which apply to handling pyrotechnics.

Exercise 2-2 Statement of Work (cont.)

3. The contractor shall be responsible for cleanup of the safety zone to include: cleanup of shell fragments, bits of fusing, and any hazardous material; gathering sand from the discharge area into piles for removal by National Park Service personnel; gathering any other trash and debris generated by the contractor's personnel in appropriate trash containers.
- 2.6 The contractor shall provide necessary safety equipment/material, transportation, and security for fireworks and launch site. Fire extinguishers shall be available when any live loads are on-site. Numbers of fire extinguishers shall be adequate to the size of the display.

Instructor's answer: The specifics on the safety considerations are lacking. This section needs more detail. This is an omission that the students must identify.

- 2.7 The fireworks display is scheduled to commence at 9:15 pm unless modified in writing by the Contracting Officer's Representative. The exact firing command shall be given by the Contracting Officer's Representative at the launch site.
- 2.8 In the event of inclement weather, the display will be rescheduled. The decision to postpone displays will be made by the Contracting Officer's Representative.
- 2.9 The contractor shall provide a cassette tape of the proposed musical program and it shall be submitted for approval to the Contracting Officer no later than 30 days before the scheduled date. It shall be of an upbeat and patriotic theme. The final program shall be of radio broadcast quality on reel to reel 7 1/2 or 15 ips.

Instructor's answer: Combine with 2.2. This is an example of a poorly designed SOW.

- 2.10 The contractor shall provide a Performance Bond to the Contracting Officer equal to 100% of the contract price.
- 2.11 Live loads shall not be brought into the park until two days before the display. Upon entering the park, vehicle operators will be responsible for the safety of the fireworks and all related equipment, remaining with the vehicle(s) at all times. Supplemental site security provided by the National Park Service shall not relieve the contractor of this responsibility. The number of vehicles allowed on site will be kept to a minimum.

Exercise 2-2
Statement of Work (cont.)

2.12 Government-Furnished Items.

1. Safety fence/rope.
2. Sand (maximum 30 tons; requirements exceeding 30 tons will be the responsibility of the contractor. Provide the Contracting Officer's Representative with the amount of sand required the day of the display).
3. Supplemental site security when live loads are moved on to the firing site.
4. Telephone on site (local service calls only).

PART 3: CONTRACT END ITEMS

- 3.1 Substitutions shall not be made after award of the contract unless approved by the Contracting Officer 30 days prior to the day of the fireworks display. Failure to provide the exact brand, size, and quantity of shells as submitted in the final proposal will result in a reduction of payment.
- 3.2 SP-5 SHELL FAILURE RATE: The Government will not allow a shell failure rate exceeding 1/2 of 1 percent. Deductions will be made at the contract price for any shell failures in excess of this allowance.
- 3.3 SP-6 TIME FOR COMPLETION OF PHYSICAL SET-UP: To allow time for adjustments to the setup if required, all the mortar tubes shall be setup, fastened together and any foundation sand in place by 11:00 am.
- 3.4 SP-7 TIME FOR FULL COMPLETION: The entire display shall be loaded, fused, covered, and ready to shoot by 4:00 pm on the day of the scheduled event. A comprehensive inventory and inspection will be performed at that time.
- 3.5 SP-8 POST PERFORMANCE CONFERENCE: The Contractor or his representative shall be available immediately following the conclusion of the display or the next morning for a preliminary discussion or debriefing.

Exercise 2-2
Statement of Work (cont.)

- 3.6 Contract Administration: A Contracting Officer's Representative (COR) will be assigned within 10 days after the contract is awarded. The contractor will receive notification identifying the representative's name title, location, telephone number, and what the COR is authorized to do. At a minimum, the COR will be responsible for inspection and acceptance of the fireworks display.

Instructor's answer: The date for the fireworks display is never mentioned throughout the SOW. This is an omission that the students must identify. The students may identify other problems with the SOW including the lack of a specific definition for upbeat and patriotic music, and the vantage point from which the fireworks must be seen. Use all the answers provided to facilitate discussion.

Review Exercise 2-2 “Statement of Work.”

Select a group and ask them to provide you with 1 inadequacy or omission that they identified in the SOW. Inform the class whether the answer is correct or incorrect and explain why.

Repeat with another group until all inadequacies or omissions in the SOW have been identified.

Answer any final questions that the students may have.

Lead the class in a discussion on Exercise 2-2. Ask the following questions:

- Are there any additional changes you would make to this SOW?
- Overall, do you think this is an accurate SOW?
- If these errors hadn't been discovered what do you think the result would have been?
- Could the Government have lost valuable time and money due to these errors?

2.5 Critique Related Elements of the PR.

Describe the elements of the PR.

- Packaging, Packing, Preservation, and Marking
- Inspection and Acceptance Criteria
- Delivery/Shipment Requirements
- Contract Administration Requirements



Involve as many students as possible in the question and answer segment.

Explain to the class that you are skipping objective 2.4 and will cover that information later.

List the 4 elements of the Purchase Request on the chalkboard.



Point out to the class the checklist in the TR on page 2-15. Tell them that this should be used when comparing the SOW to the PR.



CE 2-10

Assign Exercise 2-3 “Purchase Request.”

Tell the class to review the sample PR. Tell them that they will also need to use the Market Report, SOW, and checklist from the TR (page 2-15) to identify any inadequacies or omissions in the PR.

Tell the class that they have 15 minutes to complete this exercise and to select a spokesperson to present the groups’ answers.

Walk around the room and answer any questions the groups may have.

Exercise 2-3 Purchase Request

Review the following Purchase Request (PR) for the fireworks display. Compare it to the Statement of Work and Market Report and identify any errors.

FOR EQUIPMENT, SUPPLIES, OR SERVICE REQUISITIONS						1. PAGE OF PAGES	
2. REQUISITION NUMBER F34594		3. STOCKROOM CONTROL NO.		4. STOCKROOM CODE NO.		5. DATE PREPARED OCT. 10, 1992	
6. JOB NUMBER							
7. TO (Stockroom - name and location) Director of Contracting Federal Dept. of Administration Services 552 Landing Blvd. Washington, DC 20002				8. FROM (Requisitioning point - name and location) Forest Hill Federal Management Office Headquarters, Office of Parks & Recreation 2426 Carnation St. Washington, DC 20400			
9. ALLOTMENT AND EXPENSE ACCOUNTS CHARGEABLE				10. SIGNATURE OF APPROVING OFFICER			
11. FOR INFORMATION CALL (name, telephone number, and extension) Harvey Bloomfield (202) 555-1212 Ext. 143				12. TITLE OF APPROVING OFFICER			
FORM OR STOCK NUMBER (13)	DESCRIPTION OF ARTICLES OR SERVICES	QUANTITY (15)	UNIT (16)	UNIT PRICE (17)	AMOUNT (18)		QUANTITY RECEIVED (19)
0001	Fireworks display for the Fourth of July Celebration	1	ea	65,000	65,000	00	
20. DELIVER TO (Give complete address, including ZIP code) Director of Contracting 3567 Bridgefield Rd. Washington, DC 20036 Attn: L. Neilson Phone: (202) 246-2311		TOTAL AMOUNT ----->			65,000	00	
					21. SHIPPED VIA FREIGHT PARCEL POST EXPRESS MAIL		
22. FILLED BY		23. PACKED BY		24. CHECKED BY			
25. THE ABOVE ITEMS OR SERVICES WERE RECEIVED EXCEPT AS INDICATED AS ABOVE.							
SIGNATURE		TITLE			DATE		

NOTE: Acquisition of non-expendable items are to be fully justified on face of requisition.

Instructor's answer: The comparison between the SOW, PR, and market report shows a discrepancy between money needed and money requested. The Market Report indicates that \$75,000 is required for the fireworks display and the PR shows \$65,000. The PR should read \$75,000.00. The students may also point out that the purchase request includes no approvals. Use all the students answers to facilitate discussions.

Review Exercise 2-3 “Purchase Request.”

Select a group and ask them to provide you with 1 inconsistency that they identified. Inform the class whether the answer is correct or incorrect and explain why.

Repeat with a different group until all inconsistencies with the Purchase Request have been identified.

Answer any final questions that the students may have.

Lead the class in a discussion on Exercise 2-3. Ask the following questions:

- Are there any errors, in addition to the funding error, on this PR?
- Is there any additional information that might be useful to add to the PR? What?

Tell the students that once the PR is approved the “clock starts ticking.” The Contract Specialist is now working on his/her time.

Spend approximately 10 minutes on identifying inconsistencies.

2.6 Discuss Recommendations with Requiring Activity.



TR 2-17

Describe to the class how the Requiring Activity and the Contract Specialist must work closely together to have an accurate SOW.

Discuss the Contract Specialist's 4 responsibilities to communicate with the Requiring Activity.



- The adequacy of the SOW.
- Product capability.
- Product failures from past history.
- Suggestions for correcting the SOW.

Discuss the 3 different approaches to use when agreeing on final changes to the SOW.



- Ask leading questions (how?, who?, what?, where?, and when?).
- Play devil's advocate.
- Provide alternatives (what if? and what about this?).



Assign Role-Play Exercise 2-4 "SOW Changes."

Set the stage and explain to the class the roles of the two people in the role-play:

Harvey Bloomfield, from the Requiring Activity, has developed the Purchase Request. Harvey can be overbearing especially when he thinks he's right.

Write the 4 responsibilities on the blackboard.

Write the 3 approaches on the chalkboard.

Remember this role-play doesn't appear in the classroom exercise book. Don't forget to collect the synopsis back from the students.

Leslie Neilson is the Contract Specialist and has identified some errors. She's timid and unsure of herself, but she can stand up for herself when pushed.

Select 2 students for the role-play.

Assign one student as the Contract Specialist and the other one as the Requiring Activity.

Tell both students to read the synopsis of the characters, the problem, and the action.

Tell the students to spontaneously conduct a discussion with each other on how they think it should be done. Tell them to use what they learned earlier and be creative in their portrayal of the characters.

Tell the class to pay close attention to the role-play and make notations on how they would handle the situation differently.

Collect the synopsis when the students have completed their roles.

Tell the students that they have 5 minutes to prepare for the role-play.

You may need to encourage 2 students to participate, tell them that there is a lot of room to have fun with this exercise.

Give the students no more than 10 minutes to conduct the role-play.

Exercise 2-4
Role-Play “SOW Changes”
(Script for Instructor comparison only)

Leslie Neilson - the Contract Specialist

Harvey Bloomfield - Forest Hill Federal Management Office (Requiring Activity)

Leslie - Hi, this is Leslie from the Federal Department of Administrative Services. May I talk with Harvey Bloomfield?

Harvey - You got him.

Leslie - I have some questions in reference to the length of display and the funds allocated for the fireworks display. Do you have a minute to discuss this?

Harvey - Yea, Yea, boy if it's not one thing it's another with you people. Can you make it quick?

Leslie - Umm... yea. You see ... well... there's a problem with the length of time for the display and the umm... times listed in the individual segments of the display. Which do you want, umm... a 35 or 45 minute display?

Harvey - Well ... what does the Statement of Work indicate?

Leslie - That's the problem ... umm ... sir, both times are indicated.

Harvey - Oh ... well I think we only have funding for 35 minutes. We'll have to make that change.

Leslie - Ok. Now, there's another matter we need to discuss. There doesn't seem to be enough money allocated for the fireworks. Umm ... the Market Report indicated that \$75,000 would be required for a 35 minute display and the Purchase Request indicates that only \$65,000 has been allocated. Did your research tell you something different or can you come up with the additional funding?

Harvey - I see ... boy I guess that could be a real problem. We'll have to get the additional funding. Okay?

Leslie - That should work. Thanks for your time. Bye.

Harvey - I'll get right on that. Bye.

<p><i>Instructor's note:</i> This script is provided to use as a comparison to students' efforts and is for instructor use only. DO NOT HANDOUT.</p>
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Exercise 2 - 4
Role-Play “SOW Changes”
(Instructor’s Copy)

Leslie Neilson - the Contract Specialist. Leslie is a friendly, open person who is eager to do a good job. Leslie is a young person who hasn't been a Contract Specialist very long and is lacking in self esteem. However, she understands that the problems with the SOW could cause serious repercussions later on.

Harvey Bloomfield - Forest Hill Federal Management Office (Requiring Activity).
Harvey is a hard worker who has been on the job for 15 years.
Harvey knows how to perform his job and likes to think of himself as an expert. Harvey does recognize that sometimes he can become hasty and make errors.

Problem: Leslie has noticed two errors in the SOW. One is that the length of display shows a discrepancy, should it be 35 minutes or 45 minutes? In addition, there aren't enough funds allocated for the fireworks display.

Action: Leslie and Harvey must discuss the problems and come to an agreement on how to revise the SOW so that it is accurate.

Instructor’s Note: Be sure to keep this role-play confidential. It does not appear in the Classroom Exercise Book. This is done because this role-play discusses the problems with the SOW and will provide the class with the answers to an earlier exercise. In addition, **DO NOT** forget to collect this synopsis from the students at the conclusion of the role-play.

Exercise 2 - 4
Role-Play “SOW Changes”
(Contract Specialist’s Copy)

Leslie Neilson - the Contract Specialist. Leslie is a friendly, open person who is eager to do a good job. Leslie is a young person who hasn't been a Contract Specialist very long and is lacking in self esteem. However, she understands that the problems with the SOW could cause serious repercussions later on.

Harvey Bloomfield - Forest Hill Federal Management Office (Requiring Activity).
Harvey is a hard worker who has been on the job for 15 years.
Harvey knows how to perform his job and likes to think of himself as an expert. Harvey does recognize that sometimes he can become hasty and make errors.

Problem: Leslie has noticed two errors in the SOW. One is that the length of display shows a discrepancy, should it be 35 minutes or 45 minutes? In addition, there aren't enough funds allocated for the fireworks display.

Action: Leslie and Harvey must discuss the problems and come to an agreement on how to revise the SOW so that it is accurate.

Exercise 2 - 4
Role-Play “SOW Changes”
(Requiring Activity’s Copy)

Leslie Neilson - the Contract Specialist. Leslie is a friendly, open person who is eager to do a good job. She’s a young person who hasn’t been a Contract Specialist very long and is lacking in self esteem. However, she understands that the problems with the SOW could cause serious repercussions later on.

Harvey Bloomfield - Forest Hill Federal Management Office (Requiring Activity).
Harvey is a hard worker who has been on the job for 15 years. Harvey knows how to perform his job and likes to think of himself as an expert. Harvey does however, recognize that sometimes he can become hasty and make errors.

Problem: Leslie has noticed two errors in the SOW. One is that the length of display shows a discrepancy, should it be 35 minutes or 45 minutes? In addition, there aren’t enough funds allocated for the fireworks display according to the Market Report and Purchase Request.

Action: Leslie and Harvey must discuss the problems and come to an agreement on how to revise the SOW so that it is accurate.

**Review Role-Play Exercise 2-4
“SOW Changes.”**

Discuss the role-play with the class and ask the following questions:

- Did Harvey and Leslie come to an agreement?
- How did they come to an agreement?
- Did they solve the problem in a sufficient manner?
- What would you have done differently?

Remember to collect the role-play from the students.

LUNCH

TOPIC: USED AND RECONDITIONED MATERIAL

Ref.: Chapter 2, Pages 2-9 to 2-10

Note that the objectives are taught in a different sequence from the Text Reference.



Objective: When you finish this lesson, your students should be able to:

- Determine whether used or reconditioned materials, former Government surplus property, or residual inventory would be acceptable in meeting the need.

Time: Monday 1:00 - 1:15

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 2-9	<p>2.4 Used, Reconditioned, Surplus, or Residual Inventory.</p> <p>Tell the class that used and reconditioned material is recycled, surplus, or residual inventory. If possible, they should try to use this material.</p> <p> • Question:</p> <p>What is the purpose of used and reconditioned material?</p> <p>Answer: It provides needed material to perform the requirement at a cost savings to the Government or the contractor.</p> <p>Provide the class with the following examples.</p> <ul style="list-style-type: none"> • Office Equipment • Vehicles • Building Supplies 	<p>Remind the class that this objective was skipped earlier.</p>

Used, Reconditioned, Surplus, or Residual Inventory.

Present information to the class on when to employ new or used material. Tell the class they must consider the following factors:



- Safety of persons or property.
- Total cost to the Government (including maintenance, inspection, testing, and useful life).
- Performance requirements.
- Availability and costs of new material requirements.

Write the factors employing used or reconditioned material on the chalkboard.

TOPIC: GOVERNMENT'S DESCRIPTION OF NEED

Ref.: Chapter 2, Pages 2-18 to 2-22

Note that the objectives are taught in a different sequence from the Text Reference.




Objective: When you finish this lesson, your students should be able to:

- Select techniques for testing and improving the Government's description of the need and determining or sparking the private sector's interest in meeting the need.
- Implement selected techniques for testing and improving the Government's description.

Time: Monday 1:15 - 1:35

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 2-18	2.7 Select Techniques to Improve Description of Need.	<p>You may want to use VG 2-2 here.</p>
	<p>• Question:</p> <p>What is the Government's description of need?</p> <p>Answer: The description of need provides more detailed information on a requirement for a new or complex product or service. The description of need can tell the Government the best approach, test the market's capabilities, identify sources, improve the SOW, etc. It is often in the Government's best interest to consult with major businesses to improve the description of need(s).</p>	<p>In referencing the TR page, indicate that the page itself has no number, it is labeled Exhibit 2-11.</p>
	<p>• Question:</p> <p>What can happen when the Government's description of need is inaccurate or incomplete?</p> <p>Answer: When the Government has an inaccurate description of need it can lead to a poorly written SOW and the Government not satisfying a requirement.</p>	



TR 2-19

2.8 Implement Techniques.

Tell the class that the Government's description of need can be improved upon by utilizing one of the following techniques:

- Industry Panel
- Solicitation for Information or Planning Purposes
- Presolicitation Notices
- Presolicitation Conferences

Tell the class that the Program Manager/Officer and the Contract Specialist must work closely together to implement these 4 techniques.



CE 2-11

Assign Case Study 2-5 “Techniques for Improving the Government's Description of Need.”

Tell the class to read the 4 case studies and determine which technique for improving the Government's description of need is appropriate and justify each choice.

Inform the class that they have 15 minutes to complete the case studies

In the review of this exercise, use view graphs

- Industry Panel
- Presolicitation Notice
- Solicitation for Information or Planning Purposes
- Presolicitation Conference

Case Study 2-5

Techniques for Improving the Description of Need

Read each of the following 4 case studies and determine which technique for improving the Governments description of need is best. Use the information in your Text Reference on pages 2-18 (Exhibit 2-11) through 2-22. Justify your answer.

1. The Office of Management and Budget (OMB) has a need to reduce the number of payroll systems that it uses. Because they don't have enough information to solicit at this time the project start up date has been delayed for months. Which technique for improving the description of need should they use?

Instructor's answer: *The best technique to use is the **Industry Panel**. The panel will be made up of accountants that will be able to suggest some approaches. In addition, getting advice from outside is the best way to get this solicitation started.*

2. The Department of the Interior is interested in building a text retrieval database to handle their data storage. They have reviewed off-the-shelf software and found what exists to be lacking for their specifications. The Department is looking for a way to determine if any contractors would be interested in developing the retrieval system. How will they gather the names and qualifications of potential bidders list?

Instructor's answer: *The **Presolicitation Notice** is the best technique to use because it will provide you with potential contractor names and qualifications.*

3. The Bureau of Mines collects data on the production and use of minerals worldwide. The data is collected by telephone and mail from Governments and commercial firms. The Bureau would like to consider a better method of data collection. How should they refine their requirement?

Instructor's answer: *The best technique would be **Solicitation for Information or Planning Purposes**. This is best because the people suggesting methods are the same people who would possibly do the work. They know what they are capable of.*

4. The Army needs to renovate a warehouse facility and wants to take advantage of the newest technology available. How would they go about gathering this information and defining the specifications to potential contractors?

Instructor's answer: *The best technique is the **Presolicitation Conference**. This way the prospective contractors are gathered together in one spot. They can actually see what is happening now and exactly what needs to be done.*

Review Case Study 2-5 “Techniques for Improving the Description of Need.”

Call on group 1 to present their answer to the first case study.



Show VG 2-3 “Industry Panel.”

Tell the class that the Industry Panel is not used very often and is for advanced procurements.

Discuss with the class the steps that must be completed in order to use an Industry Panel to improve the Government’s description of need.

Call on the next group to present their answer to the second case study.

When the class has arrived at the correct answer, show viewgraph 2-3.

Ask the class for the steps. Try to involve the class in a discussion.



Show VG 2-5 “Presolicitation Notices.”

Tell the class that of the 4 techniques the Presolicitation Notice is the most commonly used. Following is a list of examples when you **don’t** use the Presolicitation notice:

- In a life/death situation or injury to a person is possible.
- When the Government may be injured financially by the delay.
- In the case of classified information.

Call on the next group to present their answer to the third case study.

When the class has arrived at the correct answers, show viewgraph 2-5.

Involve the class in a discussion.



Show VG 2-4 “Solicitation for Information or Planning Purposes.”

Tell the class that it is very important that the SOW is clearly marked as a solicitation for information. When seeking approval you must receive approval one level higher than the Contracting Officer. (FAR 15.405)

Discuss with the class the steps that must be completed in order to use a Presolicitation Notice to improve the Government’s description of need.

Call on the next group to present their answer to the fourth case study.

When the class has arrived at the correct answer, show viewgraph 2-4.



Show VG 2-6 “Presolicitation Conferences.”

Discuss with the class the steps that must be completed in order to use a Presolicitation Conference to improve the Government’s description of need.

Ask the class for the steps. Try to involve the class in a discussion.

When the class has arrived at the correct answer, show viewgraph 2-6.

TOPIC: DETERMINE NEED FOR C&P DATA

Ref.: Chapter 10, Pages 10-5 and 10-6

Objective: When you finish this lesson, your students should be able to:

- Determine whether certified cost or pricing data are required.

Time: Monday 1:35 - 1:45

Method: Lecture

Lesson Plan

[illegible]

End Of Chapter 2 - Statement Of Work

Lesson Plan

CHAPTER 3 - TECHNICAL EVALUATION & SOURCE SELECTION PLAN

TIME	TOPIC	OBJECTIVES
Monday 1:45 - 1:50	Introduction to Technical Evaluation	<ul style="list-style-type: none">• Define the term Technical Evaluation.• Identify the purpose of the Technical Evaluation.
Monday 1:50 - 2:50	Technical Evaluation	<ul style="list-style-type: none">• Research factors used for comparable procurements• Determine whether award will be based on “lower price” or “greater value.”• Critique factors for ranking proposals.• Critique factors for determining acceptability.• Obtain agreement on the factors.• Incorporate factors in the solicitation.
Monday 2:50 - 3:05	BREAK	
Monday 3:05 - 3:10	Introduction to Source Selection Plans	<ul style="list-style-type: none">• Define the term Source Selection Plan.• Identify the purpose of a Source Selection Plan.• Describe the purpose for guide lines with a Source Selection Plan.
Monday 3:10 - 4:00	Source Selection Plans	<ul style="list-style-type: none">• Determine overall weight for technical and business management factors versus price.• Prepare Source Selection Plan for formal Source Selection.

TOPIC: INTRODUCTION TO TECHNICAL EVALAUTION

Ref.: Chapter 3, Pages 3-2 to 3-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- Define the term Technical Evaluation.
- Identify the purpose of the Technical Evaluation.

Time: Monday 1:45- 1:50

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 3-3	<p>Introduction to Technical Evaluation.</p> <p><u>Explain</u> to the class that in a negotiated procurement, factors other than price can be considered in meeting the Government's need.</p> <p><u>Tell</u> the class that CSs are responsible for evaluating technical factors.</p> <p>Define the Term Technical Evaluation.</p> <p><u>Tell</u> the class that Technical Evaluation is the analysis and ranking of proposals against factors contained in the RFP.</p> <p>• Question:</p> <p>What factors might be included in a RFP?</p>	

Answer:

- Price
- Quality
- Technical Excellence
- Business Management
- Qualifications

Explain that many factors are considered when evaluating proposals; however, awarding a contract usually falls in two categories:

- Lowest Price
- Greatest Value

Tell the class that when technical factors are to be considered in making an award selection, proposals are received in 2 separate parts. They are:

- Technical Proposal
- Cost Proposal

Point out that this lesson is based on determining how and what factors will be used to evaluate a proposal.

Identify the Purpose of the Technical Evaluation.

Tell the class that the Technical Evaluation is the Government's way of ensuring fair and open competition and that the proposal meets the SOW's specifications.

Be open to answers in addition to this list, it is not inclusive.



TOPIC: TECHNICAL EVALUATION

Ref.: Chapter 3, Pages 3-5 to 3-18

Note that the sequence has changed for these objectives.

Objective: When you finish this lesson, your students should be able to:


- Research factors used for comparable procurements.
- Determine whether award will be based on “lowest price” or “greatest value.”
- Critique factors for ranking proposals.
- Critique factors for determining acceptability.
- Obtain agreement on the factors.
- Incorporate factors in the solicitation.

Time: Monday 1:50 - 2:50

Break 2:50 - 3:05

Method: Lecture/Individual, Class and Group Exercises

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 3-5 to 3-6	<h3>3.1.1 Research Technical Evaluation Factors.</h3> <p>Tell the class that market research plays an important role concerning evaluation factors.</p> <p>• Question:</p> <p>In what way can market research assist in determining evaluation factors?</p> <p>Answer: Market research can help identify evaluation factors that are typically used in similar procurements.</p>	



Provide the class with the following list of typical evaluation factors:

- Offeror's understanding of the scope of work.
- Proposed approach.
- Availability and competence of experienced technical personnel.
- Offeror's experience.
- Pertinent technical ideas.
- Availability of research test, lab, or shop facilities.
- Management capability.

Write the list of factors on the chalkboard.

Tell the class that it is a good idea to work closely with the Requiring Activity in developing the evaluation factors. You may want to provide them with samples of well written factors.



• **Question:**

What two standards do well written evaluation factors meet?

Answer:

1. Reliability - factors can be used independently, and consistently among evaluators.
2. Validity - factors can help determine ability to perform the work.

Discuss with the class how to evaluate the success of specific factors in like procurements.



Instruct the class to follow along as you discuss Exhibit 3-1.

TR 3-6

AREAS TO RESEARCH

- How have the factors fared in protests and court tests?
- Was competition limited due to complexity of the evaluation factors?
- Has the “state-of-the-art” advanced so as to make previously used factors obsolete?
- Were there numerous amendments to a previous, similar requirement to clarify or redefine evaluation criteria?
- Was the past contract for comparable requirements successfully completed as a result of the use of good evaluation factors?
- Do professional associations require special standards (i.e., education, experience, licensing, etc.) to be able to perform the function?
- Were alternate factors suggested by offerors approaches to the technical proposal offered in the past procurement? Were these alternatives acceptable and could they be incorporated in the current requirement?

Exhibit 3-1



TR 3-11

3.1.3 Determine Basis of Award.

Remind the class that there are 2 basic approaches to evaluating proposals.

- Lowest Price
- Greatest Value



• Question:

What does lowest price mean when evaluating a proposal?

Answer:

- Technical evaluation factors, if utilized, are applied on a go/no - go basis.
- Unacceptable proposals are removed.
- Remaining proposals are evaluated on price and price related factors only.



• Question:

What does greatest value mean when evaluating proposals?

Answer:

- Evaluation factors are applied to rate proposals.
- Unacceptable proposals are removed.
- Best and final offers are requested and ranked on technical & cost proposal.
- Award is based on best value - a combination of cost and technical factors.



Point out to the class that when awarding on greatest value the proposal with the lowest price won't necessarily win the contract.

Tell the class that the greatest value approach usually provides the greatest amount of flexibility for the Government.

Explain to the class that this objective is taught out of sequence.



CE 3-2

Assign Case Study 3-1 “Lowest Price or Greatest Value.”

Tell the class to individually read the 4 case studies and determine which approach is best and to justify their answer.

Inform the class that they have 10 minutes to complete the case study.

Walk around the room and interact with the students as necessary. Answer any questions they may have about the case study.

Case Study 3-1

Lowest Price or Greatest Value

Read the following 4 case studies and determine if the contract should be awarded based on lowest price or greatest value. Justify your answer.

1. The State Department is looking for an agency to provide them with standard mailroom services. It can be assumed that the contractors are responsible and need to make only a few judgment calls. How should this contract be awarded?

Instructor's answer: Because the requested service is relatively basic and it's assumed that the contractors are responsible, it's best to award the contract based on **lowest price**.

2. The Research and Development department of Montgomery County wants to develop a new timer system for the street lights. They are seeking a contractor to provide a solution and develop the timer system. How should this contract be awarded?

Instructor's answer: Because the information requested must be reliable and innovative, the Government doesn't want to go with the lowest price. They want the **greatest value** for the money.

3. Prince George's County is looking for financial advice on the timing and structure on Municipal Bonds. The quality of the advice is critical. How should this contract be awarded?

Instructor's answer: The information requested is critical and it would be best to award this contract based on **greatest value**.

4. The Forest Hill Federal Management Office is looking for a company to provide a fireworks display on the 4th of July. The display is approximately 30 minutes and the quality of the display is the most important factor. How should this contract be awarded?

Instructor's answer: Since the quality of the fireworks display is the most important factor it is necessary to award this contract based on **greatest value**.

Review Case Study 3-1 “Lowest Price or Greatest Value.”

Ask group 1 for their response to case study 1.

Repeat by asking group 2 for their response to case study 2.

Continue until all case studies have been answered.

Finish up by asking the class for any additional comments on the case study.

Lead the class in a discussion on Case Study 3-1. Ask them the following questions:

- When is it most appropriate to award a contract on the basis of lowest price? Greatest value?
- Which approach do you think is used more often?
- What are some additional examples of lowest price or greatest value contracts?

3.1.4 Critique Factors for Ranking Proposal.

Describe to the class the importance of ranking proposals. Tell the class that this is the Government’s way of identifying the best source to provide a service or product to meet the SOWs specifications.

Explain to the class that proposals are evaluated against measurable standards; they are not evaluated against each other.



Explain to the class that technical evaluation is performed at the factor or subfactor level.

- **Factors** - these are the primary factors. They should be relevant, measurable and essential.
- **Subfactors** - used to describe primary factors. They assist offerors in reaching an understanding of the government needs.

Point out that once the factors and subfactors are identified they must be ranked according to their importance.

Explain to the class that the solicitation must provide some narrative that reflects the importance of the evaluation factors. Each factor must be ranked.

Tell the class that after ranking the evaluation factors a method of scoring must be determined.

Discuss with the class the 3 methods of scoring.

- **Numerical** - points are assigned to factors and sub factors. The more important the factor the higher the number of points.
- **Adjectival** - descriptions are used to describe scoring of a factor (i.e., Excellent, Good, Average, etc.).
- **Color Coding** - colors are used to describe the scoring of each factor. The color and its meaning must be defined prior to evaluating.

Remind the class that whatever scoring system is used it is important that the descriptions permit significant differences to prevent leveling of the evaluation.

Tell the class that the Requiring Activity (RA) is responsible for providing the rationale for the factors, sub factors, standards and scoring.

Tell the class that the Contract Specialist must coordinate with the RA on the evaluation factors and review them for completeness.



CE 3-3

Refer the class to the Checklist for Critiquing Evaluation Factors in their classroom exercise book.

Tell the class that this checklist can be used when reviewing evaluation factors.

Discuss with the class the checklist.

Checklist for Critiquing Evaluation Factors

Factors	Yes	No
<ol style="list-style-type: none"> 1. Are the evaluation factors written independently of one another? 2. Are the evaluation factors written so that competent individuals can evaluate the same proposal consistently? 3. Are the evaluation factors predictive of an ability to perform the work? 4. Have the evaluation factors worked well in like procurements? 5. If special experience or facilities are a requirement for the service or product, are they clearly stated? 6. Are quality factors clearly disclosed in the Request for Proposal (RFP)? 7. Do the evaluation factors relate to the objectives of the procurement? 8. Do the evaluation factors address the quality of the proposal through: <ul style="list-style-type: none"> • technical excellence • management capability • personnel qualifications • prior experience • past performance • schedule compliance • cost 9. Can the evaluation factors be used to determine the acceptability of the offeror's technical? 		



TR 3-6

3.1.2 Critique Factors for Determining Acceptability.

Tell the class that in addition to general standards of responsibility the RA may set special standards to ensure contract performance.

Discuss what special standards should be used.

- Special Experience
- Facilities
- Other Factors

Tell the class that special standards may be used for:

- National Security
- Safety
- Emergencies

Remind the class that it is the use of evaluation factors and special standards that allow the Government to receive the best value.

Point out to the class that there are no restrictions on the kinds of evaluation factors used as long as they are disclosed in the RFP and are not overly restrictive of competition.

Tell the class that the specific factors used will depend on the particular requirement and generally fall into 2 major categories:

- Quality (technical and business management)
- Cost or Price

Mention to the class that if special standards of responsibility are included, the SBA can overrule if a small business is involved.

Ask the class to identify additional examples.





Explain to the class that quality shall be addressed in every source selection. Sometimes, quality means determining responsiveness in the SOW.

Identify examples that define quality.

- Technical Excellence
- Management Capability
- Personal Qualifications
- Prior Experience
- Past Performance
- Schedule Compliance
- Cost Realism

Ask the class for help in identifying this list. You may also want to write the list on the chalkboard.



CE 3-4

Assign Exercise 3-2 “Critiquing Evaluation Factors.”

Tell the class to individually read the evaluation factors for the fireworks procurement.

Tell the class that as a group they must critique these evaluation factors and identify any omissions or weak points. Tell the class to use the checklist referenced earlier.

Inform the class that they have 15 minutes to complete this exercise.

Be sure to remind the class that greatest value was selected for the fireworks procurement (Reference Exercise 3-1 #4.)

Walk around the room and interact with the groups as necessary. Answer any questions they may have about the exercise.

Exercise 3-2

Critiquing Evaluation Factors

Review the following evaluation factors for the fireworks procurement and improve upon them. Be sure to note errors and omissions. Note: The improved factors will be used in later exercises.

EVALUATION FACTORS

- 1.1 Overall quality of the proposed program: The offeror must demonstrate that he understands what is required and has developed a sound approach in achieving the program objective as shown by the technical proposal including:
 - quality
 - quantity
 - variety of shells
- 1.2 Quality: The offeror must demonstrate his ability to understand and use the necessary material to achieve the program objective.
- 1.3 Creativity: The offeror must demonstrate innovativeness, audience appeal, and unusual visual effects in his program. The offeror must demonstrate how well the proposal meets the program objective in terms of:
 - sufficient diversity
 - appropriateness of shells
 - combinations
 - overall effect
- 1.4 Qualifications: The offeror must demonstrate he has the professional experience, background, and record of past accomplishments of all personnel assigned to this project. Offeror must also demonstrate the experience and management capabilities needed to carry out a nationally televised showing.
- 1.5 Qualifications: The offeror must possess the necessary safety features required for a fireworks display of this size and nature.

Instructor's answer: Note that there is no mention of cost or price. It is required by regulation to mention cost or price in the evaluation factors. This is an omission that the class must identify. In addition, there is no indication as to the importance that each factor plays in the evaluation of the proposal.

Finally, factors 1.2 and 1.5 are vague and poorly written. The class must also identify these errors and make suggestions on how they can be improved upon.

Instructor's note: The solution to this exercise must include two statements that you will provide to the class for the purpose of further exercises.

- Between essentially equivalent technical proposals, price shall be a deciding factor.
- Technical factors are more important, however the closer the technical scores are between proposals, the more important price becomes.

Review Exercise 3-2 “Critiquing Evaluation Factors.”

Select a group and ask them to identify 1 problem with the evaluation factors. Inform the class whether the answer is correct or incorrect and explain why.

Repeat with a different group until all problems with the evaluation factors have been identified.

Lead the class in a discussion on Exercise 3-2. Ask the following questions:

- How important is it to monitor cost in evaluation factors?
- How would you rewrite these factors (Exercise 3-2)?

Be sure that the class as a whole agrees to the improved evaluation factors. These evaluation factors are used in a later exercise (Exercise 3-3).

Remind the class that the Contract Specialist and Requiring Activity must work closely together to obtain agreement on the evaluation factors.

Spend approximately 10 minutes on this review.

Remind the class that they will reference this exercise later. They must take accurate notes.

3.1.6 Incorporate Factors into Solicitation.

Tell the class that once agreement has been reached the factors must be incorporated into the solicitation.

Inform the class that these factors are contained in Section “M” of the solicitation.

<p><u>Remind</u> the class that the ranking or relative importance for each factor must be incorporated into the RFP, but not the method of scoring or measuring each factor or subfactor.</p>

BREAK

TOPIC: INTRODUCTION TO SOURCE SELECTION PLANS

Ref.: Chapter 3, Page 3-19 to 3-20



Objective: When you finish the introduction to the lesson, your students should be able to:

- Define the term Source Selection Plan.
- Identify the purpose of a Source Selection Plan.
- Describe the purpose for guidelines with a Source Selection Plan.

Time: Monday 3:05 - 3:10

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 3-19	<p>Introduction to Source Selection Plans.</p> <p><u>Explain</u> the importance of developing a plan for source selection.</p> <p>Define Source Selection Plan (SSP).</p> <p><u>Tell</u> the class that SSP is a plan developed to serve as a guideline to selecting a contractor to provide a specific product or service.</p> <p>• Question:</p> <p>What is the purpose of the Source Selection Plan?</p>	<p>Mention that this course provides an overview to Source Selection. An entire course in Source Selection is available at a later date.</p>
		

Answer: Source Selection procedures are designed to:

- maximize competition.
- minimize the complexity of the RFP and evaluation.
- ensure complete and impartial evaluation.
- facilitate selection of the source that provides the Government with the best value.

Explain to the class that agency guidelines exist to:

- Fulfill public responsibilities to be impartial and fair.
- Promote competition.
- Avoid protest and delays.

Tell the class that evaluation factors are one part of the Source Selection Plan.

Explain to the class that this lesson consists of putting together the Source Selection Plan (SSP).

TOPIC: SOURCE SELECTION PLANS




Ref.: Chapter 3, Page 3-21 to 3-25

Objective: When you finish this lesson, your students should be able to:

- Determine overall weight for technical and business management factors versus price.
- Prepare Source Selection Plan for formal source selection.

Time: Monday 3:10 - 4:00

Method: Lecture/Discussion/Group Exercise

Lesson Plan		
Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 3-21	<h3>3.2.1 Determine Overall Weight.</h3> <p><u>Explain</u> to the class that agencies and contract activities develop guidelines for applying different approaches to the weight of evaluation factors.</p> <p><u>Tell</u> the class that the RA is responsible for assigning weight to evaluation factors.</p> <p><u>Tell</u> the class that the Contract Specialist is responsible for ensuring the documentation required to support source selection evaluation (ranking and weighting) is accurate.</p> <p><u>Point</u> out that weights are assigned based on statements of relative importance.</p> <p><u>Instruct</u> the class to follow along as you discuss Exhibit 3-9.</p>	<p>Inform the class that this lesson is an introduction to Source Selection Plans (SSP). Explain that there is another class that they can take that is devoted entirely to SSPs.</p> <p>Mention that there are ways of indicating relative importance other than assigning weights. Another method may be a narrative discussion of how factors will be viewed.</p>
		
 TR 3-22		

EXAMPLES OF WEIGHT ASSIGNMENT

Technical/Cost Ratios = 90/10 to 80/20

Normally **R&D** efforts. Involves much cost/schedule performance uncertainty. Usually unique, first time nonrecurring efforts. Cost is only used to distinguish amongst technical proposals of virtually identical worth.

Technical/Cost Ratios = 80/20 to 70/30

SOWs are characterized by greater application of **existing technology/concepts** and yield a more highly defined product than pure R&D. Still some potential for alternate approaches.

Technical/Cost Ratios = 70/30 to 60/40

Usually “white collar or **professional services**”. Little need for alternate technical or management approaches. Involves individual discretion/judgement rather than application of purely mechanical skills.

FURTHER BREAKDOWN COULD BE DESCRIBED AS:

Key personnel	30%
Experience/past performance	20%
Operation/organization plan	<u>20%</u>
	70%
Cost factors	30%

$$\frac{\text{Evaluated Score}}{\text{Highest Offered Score}} \times \text{Weight} = \text{Total Technical Score}$$

+

$$\frac{\text{Lowest Price}}{\text{Offered Price}} \times \text{Weight} = \frac{\text{Total Cost Score}}{\text{Total Score}}$$

Exhibit 3-9



CE-3-5

Assign Exercise 3-3 “Weighting Evaluation Factors.”

Tell the class to determine the overall weight for the evaluation factors for the fireworks procurement.

Instruct the class to use the SOW, Evaluation Factors (Exercise 3-2), and the Text Reference (Pages 3-21 to 3-25) to assist with the exercise.

Inform the class that they have 20 minutes to complete this exercise.

Walk around the room and interact with the individual groups as needed. Answer any questions.

Exercise 3-3

Weighing Evaluation Factors

Using the Statement of Work, your revised Evaluation Factors (Exercise 3-2), and the Text Reference (pages 3-21 to 3-23) determine an overall weight for evaluation factors for the fireworks procurement. Justify your answer. Assume a total of 100 points.

Instructor's answer: The class may determine a wide variety of weight for the evaluation factors, the following is presented as a guide. The most important factor is Creativity. It should have the most weight, however a student would not be incorrect if he weighted Creativity and Overall Quality equally. The least important factor is Qualifications. This is because contractors must be licensed by the State in order to conduct a fireworks display, therefore qualifications may be assumed. Here is a sample weighting of evaluation factors for the fireworks procurement:

Creativity	---> 50 pts
Overall Quality	---> 30 pts
Qualifications	---> 20 pts

Explain to the class that price was left out so that it would not influence the technical evaluation.

Review Exercise 3-3 “Weighting Evaluation Factors.”

Select a group and ask them what weighting they assigned. Ask the rest of the class if they agree with this. Also ask other groups if they would have done anything differently.

Lead the class in a discussion on Exercise 3-3. Ask the following questions:

- Which evaluation factor is the most important ?
- Which evaluation factor is the least important ?
- How does the importance of an evaluation factor effect the weighting?

Remind the class that once again the Contract Specialist and the RA must work together as a team.

Spend approximately 5-10 minutes on this review.

Explain that creativity is the most important Evaluation Factor (50 pts) and that Qualifications is the least important (20 pts).



TR 3-21

3.2.2 Prepare Source Selection Plan (SSP).



Show VG 3-1 “Source Selection Plan.”

Explain to the class that the SSP generally consists of 3 parts.

- Organization
- Evaluation Plan
- Scheduled Milestones



Show VG 3-2 “Organization.”

Explain to the class that the first part of the SSP is **Organization**. The Organization may consist of:

- **Source Selection Authority (SSA)**
Usually the Contracting Officer (CO). The CO is responsible for ensuring that the procurement is accomplished in a prudent, business like manner and in accordance with applicable laws and regulations.
- **Source Selection Official (SSO)**
Usually the Office Director or Group Chief. The SSO will appoint the Source Selection Evaluation Board (SSEB), establish or approve the proposed evaluation criteria, make recommendations on the competitive range, and make final recommendation on award.
- **Source Selection Evaluation Board (SSEB)**
Usually technical and project members. The SSEB establishes factors for proposal evaluation, approves the RFP package prior to release, makes competitive range recommendations, may participate in oral and written discussions, makes final evaluation and appoints proposed evaluation teams.
- **Teams**
Usually consists of Technical Evaluation Team, Cost Evaluation Team, Security Evaluation Team, and Management Evaluation Team. The Teams examine each detail of the proposal in order to evaluate and rate it.

Explain to the class the various people that work each team.

Tell the class that this formal **Organization** doesn't always exist. Sometimes on a small procurement this isn't necessary or 1 person may fulfill more than one role.



Show VG 3-1 “Source Selection Plan.”

Repeat viewgraph 3-1 as you explain the Source Selection Plan.

Tell the class that the second part of the SSP is the **Evaluation Plan**.

Explain to the class that the Evaluation Plan consists of:

- Evaluation Factors and Criteria
- Scoring Plans
- Procedures
- Scoring Sheets

Remind the class that they learned about Technical evaluation factors in an earlier lesson.

Tell the class that the third part of the SSP is the **Scheduled Milestones**. This part shows the dates for solicitation through award of the contract.



• **Question:**

What is the purpose of the formal Source Selection Plan (SSP)?

Answer:

- Translates the objectives stated in the procurement plan into a specific approach.
- Communicates this approach to the SSA.
- Serves as a charter for the Source Selection Evaluation Board (SSEB).
- Provides essential guidelines to writers of the RFP.
- Describes the evaluation factors, weighting of factors, and the methodology to evaluation proposals.



TR 3-25

Instruct the class to follow along with Exhibit 3-10 on page 3-25 of the Text Reference. Describe the information contained within the SSP. Point out organization, evaluation, and milestone parts.

SOURCE SELECTION PLAN

FAR 15.612(c)

1. Description of property or service to be acquired.
2. Description of organization structure including:
 - Duties of the SSA and the Board
 - Nominations for staffing of the Board by individual name and field of expertise
3. Proposed presolicitation activities, e.g., conferences.
4. Summary of the acquisition strategy:
 - Type of contract
 - Incentives or other special features to be included in the contract
5. Statement of the proposed evaluation factors and their relative importance (Exhibit 3-7).
6. Description of the evaluation process, methodology, and techniques, and standards to be used (i.e., scoring plans.)
7. Schedule of significant milestone events such as:
 - Approval of Source Selection Plan by SSA
 - Release of RFP
 - Proposals due & evaluation starts
 - Evaluation complete
 - SSA briefed on evaluation
 - SSA decision
 - Contract review
 - Execution/award

Exhibit 3-10



CE-3-6

Assign Exercise 3-4 “Source Selection Plan.”

Tell the class to develop a SSP for the fireworks procurement based on the information they just learned.

Inform the class that they have 30 minutes to complete this exercise.

Walk around the room and interact with the class as needed. Answer any questions.

Exercise 3-4

Source Selection Plan

Based on the information you have been provided (SOW, Market Report, PR, and Technical Evaluation Factors from previous exercises) develop a Source Selection Plan (SSP) for the fireworks display. Use the following space to develop your SSP.

Instructor's answer: *The SSP developed should follow this list. Be receptive to any comments, ideas, or suggestions that the students may have.*

- *Description of property or service to be acquired.*
- *Description of organization structure.*
- *Proposed presolicitation activities (i.e., conferences).*
- *Summary of the acquisition strategy (i.e., type of contract, incentives, other special features).*
- *Statement of the proposed evaluation factors and their relative importance.*
- *Description of the evaluation process, methodology, and techniques to be used, including evaluation standards.*
- *Schedule of significant milestone events (i.e., approval of SSP by the SSA, release of RFP, SSA decision, etc.).*

Review Exercise 3-4 “Source Selection Plan.”

Call on the first group to present their SSP.

Ask the following questions:

- How did you organize your SSP ?
- What information did it contain ?
- What additional information could it contain ?

Call on the second group to add anything they have that is different.

Continue until you have a completed SSP.

Lead the class in a discussion on Exercise 3-4. Ask the following questions:

- What are the main components of the SSP?
- Does the SSP contain Weighting information?

Assign tomorrow’s reading - Chapters 4, 5, 7 and 8.

Spend approximately 10 minutes on the exercise review.

End of Chapter 3 - Technical Source Selection Plan

End of Day 1

Lesson Plan

CHAPTER 4 - CONTRACT TYPES

TIME	TOPIC	OBJECTIVES
Tuesday 8:00 - 8:05	Introduction to Contract Types	<ul style="list-style-type: none">• Recall the policy for selecting a contract type.• Identify the purpose of selecting a contract type.• Recognize the Contract Specialist's role in selecting a contract.
Tuesday 8:05 - 8:35	Steps in Selecting a Contract Type	<ul style="list-style-type: none">• Determine if data from market research supports use of a firm-fixed price contract.• Perform risk analysis.• Estimate the impact of the high potential high risk cost factors on the overall total cost of performance and profit margins.
Tuesday 8:35 - 9:00	Contract Types	<ul style="list-style-type: none">• Recall the various contract types.• For fixed-price contracts, select a method of ordering.• For fixed-price contracts, select a pricing arrangement.• For cost-reimbursement contracts, select a fee arrangement.
Tuesday 9:00 - 10:00	Selecting a Contract Type	<ul style="list-style-type: none">• Select one of the basic types of contracts or agreements.• Document rationale for the selected type of contract and draft any necessary determination and findings.
Tuesday 10:00 - 10:15	BREAK	

TOPIC: INTRODUCTION TO CONTRACT TYPES

Reference: Chapters 4, Pages 4-2 to 4-4



Objective: When you finish the introduction to the lesson, your students should be able to:

- Recall the policy for selecting a contract type.
- Identify the purpose of selecting a contract type.
- Recognize the Contract Specialist's role in selecting a contract.

Time: Tuesday 8:00 - 8:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 4-3	Introduction to Contract Types.	
	Show VG 4-1 “Contract Types.” <p><u>Explain</u> to the class that selecting the correct contract plays an important role in Contracting by Negotiation.</p> <p><u>Tell</u> the class that the type of contract used for procurement will affect the risk and resulting price to the Government.</p> <p><u>Inform</u> the class that this lesson explains the various contract types and when each one is used.</p> <p><u>Tell</u> the class that, as a Contract Specialist, they are responsible for selecting a contract type.</p> <p><u>Tell</u> the class that the Contract Specialist is given broad discretion in selecting contract types.</p>	<p>Tell the class that this lesson is only an introduction to contract types. Tell them they may take another class devoted entirely to contract types at a later date.</p>



Point out that they are prohibited from using cost-plus-percentage-of-cost contracts.

Explain that any type or combination of contracts may be used as long as it promotes the Government's interests.

Tell the class that there is no magic formula for selecting a contract. They must use sound mature judgment.

Explain to the class that selection of contract type is a **matter of negotiation**.



Point out that contract type and pricing are interrelated and should be considered together during negotiation.

TOPIC: STEPS IN SELECTING A CONTRACT TYPE

Reference: Chapter 4, Pages 4-5 to 4-7



Objective: When you finish this lesson, your students should be able to:

- Determine if data from market research supports use of a firm-fixed price contract.
- Perform risk analysis.
- Estimate the impact of the potential high risk cost factors on the overall total cost of performance and profit margin.

Time: Tuesday 8:05 - 8:35

Method: Lecture/Discussion/Individual and Class Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
	<p>Show VG 4-2 “Steps in Selecting a Contract.”</p> <p>Tell the class that there are 3 steps to selecting a contract type.</p> <ul style="list-style-type: none"> • Analyze Market Research • Perform Risk Analysis • Estimate Risk Impact on Cost 	
 TR 4-5	<p>4.1 Analyze Market Research.</p> <p>Tell the class that the data from their market research will help them select a contract type.</p> <p>Inform the class that in most cases it is in the Government’s best interest to select a fixed-price (FP) contract.</p> <p>Tell the class that they must first determine if their market research will support a fixed-price (FP) contract.</p>	



Describe market research factors that help determine contract type or if a FP contract can be used.

- Using commercial specification.
- Adequate price competition.
- Stable market conditions.
- Past success with FP on similar contracts.
- FP represents standard industry practice for the specific procurement.

Write the list of 5 factors on the chalkboard. Ask the class for help to compile the list.

4.2 Perform Risk Analysis.

Tell the class that the second step to selecting a contract is to perform risk analysis.

Point to the second block on the View Graph 4-2.



• Question:

What is the definition of risk analysis?

Answer: The degree of confidence with which a contractor's cost estimator should be able to predict the impact of each factor.

Tell the class that risk analysis is completed to identify which factors are low or high risk for the Government and contractor.

Instruct the class to follow along in their Text Reference Page 4-6, Exhibit 4-1.



TR 4-6

Use exhibit 4-1 to explain risk analysis. Discuss the various factors and who controls them.

RISK ANALYSIS		
FAR 16.104		
FACTOR	CONTROLLED BY	ANALYSIS
Price Competition	Market	Effective price competition results in realistic pricing and a fixed-priced contract is in the Government's interest.
Price Analysis	Government	With or without competition may provide a realistic pricing standard that would result in a fixed price contract.
Cost Analysis	Government	Uncertainties involved in performance and possible impact upon costs (labor, raw materials, plan and equipment, etc.) must be identified and evaluated so that a reasonable degree of cost responsibility upon the contractor can be negotiated.
Type & Complexity of Requirement	Government	Unique complex requirements usually result in greater risk assumption by the Government especially when performance uncertainties or the likelihood of changes make it difficult to estimate performance costs in advance. When a requirement recurs or quantity production begins, the cost risk should shift to the contractor and a fixed price contract should be considered.
Urgency of Requirement	Government	If urgency is a factor, the government may assume a greater proportion of risk or offer incentives to ensure timely performance.
Period of Performance	Government	In times of economic uncertainty, contracts for a long period of time may require economic price adjustment terms.
Technical Capability/Financial Responsibility	Contractor	Limited experience or need for capability or financial bonding or financial assistance responsibility may require closer government surveillance than is provided by a fixed price contract.
Accounting System	Contractor	Other than firm fixed price, the contractors accounting system should permit timely development of all necessary cost data. Required for FPI and cost reimbursement contracts.
Concurrent Contracts	Government	If performance under the proposed contract involves concurrent operations under other contracts, the impact of those contracts, including their pricing arrangements should be considered.
Approvals	Government	If performance under the proposed contract involves approvals by the Government at various stages (design, quality assurance, first article testing), then consider their impact.
Subcontracting	Contractor	If extensive subcontracting is proposed, actual risks to the prime contractor should be selected.

Exhibit 4-1



CE 4-2

Assign Exercise 4-1 “Risk Analysis.”

Tell the class to individually determine who should assume the greatest risk for the fireworks procurement.

Inform the class to reference the SOW, PR and Market Report for the fireworks procurement. In addition, tell the class to use the Text Reference pages 4-5 to 4-6 to help with this exercise.

Inform the class that they have 15 minutes to complete this exercise.

Walk around the room and interact with students as needed. Answer any questions they may have about the exercise.

Exercise 4-1

Risk Analysis

Review the fireworks procurement Statement of Work, Purchase Request, and the Market Report. Based on this information and Exhibit 4-1, “Risk Analysis,” in the Text Reference determine who should take the greatest risk for the fireworks procurement and list the risk factors. Justify your answer.

Instructor’s answer: *The potential risk factors for this procurement are Price Competition, Price Analysis, and Technical Capability.*

Insurance, Price Competition/Price Analysis

The risk associated with these factors are minimal because the fireworks procurement is so easy to cost. In addition, the Market Report and past history for this procurement can be easily obtained.

Technical Capability

Potential contractors are licensed and certified by the state where they practice pyrotechnics. This is not a serious risk factor.

Review Exercise 4-1 “Risk Analysis.”

Call on students randomly to solicit answers to this exercise. Ask the students for justification for their answers. Finally, provide the students with the correct answer to the exercise.

Spend approximately 5 minutes on this review.

Lead the class in a discussion on Exercise 4-1. Ask them the following questions:

- How much risk is associated with the fireworks procurement?
- How does the risk involved with the fireworks procurement affect contract selection?
- Can a firm-fixed price contract be used for this procurement?



TR 4-7

4.3 Estimate Risk Impact on Cost.

Tell the class that the third step to selecting a contract is to estimate risk impact on cost.

Point to the third block on view graph 4-2.

Explain that once the high risk cost factors have been identified, the impact on overall cost must be determined.

Point out that if the impact is insignificant, establish a firm-fixed price contract.





Tell the class that if they choose to use other contract types this selection will depend on:

- Which factors are uncertain.
- How the uncertainty will impact overall cost.
- The cost of contract administration.



Show VG 4-4 “Profile of Contract Risk.”

Discuss the transparency and contract risk with the class.

TOPIC: CONTRACT TYPES

Reference: Chapter 4, Pages 4-7 to 4-24


Objective: When you finish this lesson, your students should be able to:

- Recall the various contract types.
- For fixed-price contracts, select a method of ordering.
- For fixed-price contracts, select a pricing arrangement.
- For cost-reimbursement contracts, select fee arrangement.

Time: Tuesday 8:35 - 9:00

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
	<p>Recall the Contract Types.</p> <p><u>Explain</u> that the phrase “type of contract” has several meanings. They are:</p> <ul style="list-style-type: none"> • Compensation Arrangement • Form and Structure • End Purpose • Method of Ordering • Any Combination 	<p>Tell the class that this is just an introduction to contract types. Inform them that there is another class that focuses only on contract types.</p>
	<p>Show VG 4-3 “Contract Categories.”</p> <p><u>Tell</u> the class that there are basically 2 categories of contract types.</p> <ul style="list-style-type: none"> • Fixed-Price • Cost-Reimbursement <p><u>Inform</u> the class that there are also Basic Ordering Agreements (BOA).</p>	



Explain to the class that technically, Basic Ordering Agreements are not a contract type.

Point out to the class that the firm-fixed price and time and material contracts are the most commonly used.



Refer to VG 4-3 “Contract Categories.”

Tell the class that these are the basic types of contracts.

Tell the class that you will only discuss the most popular contract types.

Describe contracts under the Fixed Price category.

Explain to the class that the contractor usually assumes more risk with these types of contracts.

Inform the class that they should be sure to read Chapter 4 for more information on Contract Types.

Use Exhibit 4-2 to describe some of the contract types based on the order of View Graph 4-3.

	FIRM FIXED PRICE (FFP)	INDEFINITE DELIVERY (ID)	FIXED PRICE ECON. PRICE ADJUSTMENT (FPEPA)	FIXED PRICE AWARD FEE (FPAF)	FP PROSPECTIVE REDETERMINABLE (FPPRD)
Principal Risk To Be Mitigated	None. Costs of performance can be estimated with a high degree of confidence. Thus, the contractor assumes the risk.	At the time of award, delivery requirements are not certain. Use: <ul style="list-style-type: none"> Definite Quantity (if the required quantity is known and funded at the time of award). 	Market prices for required labor and/or materials are likely to be highly unstable over the life of contract.	Acceptance criteria are inherently judgmental, with a corresponding risk that the end user will not be fully satisfied.	Costs of performance can be estimated with confidence only for the first year of performance.
Use When:	<ul style="list-style-type: none"> The requirement is well-defined. Contractors are experienced in meeting it. Market conditions are stable. Financial risks are otherwise insignificant. 	<ul style="list-style-type: none"> Indefinite Quantity (if the minimum quantity required is known and funded at award.) Requirements (if no commitment on quantity is possible at award.) 	The market prices at risk are severable and significant. The risk stems from industrywide contingencies beyond the contractor's control. The dollars at risk outweigh the administrative burdens of an FPEPA.	Judgmental standards can be fairly applied by an Award Fee panel. The potential fee is large enough to both: <ul style="list-style-type: none"> Provide a meaningful incentive. Justify the administrative burdens of an FPAF. 	The Government needs a firm commitment from the contractor to deliver the supplies or services during subsequent years. The dollars at risk outweigh the administrative burdens of an FPPRD.
Elements	A firm fixed price for each line item or one or more groupings of line items.	<ul style="list-style-type: none"> "Per unit" price. Performance period. Ordering activities and delivery points. Maximum or minimum limit (if any) on each order. Extent of each party's commitment on quantity. 	A fixed price, ceiling on upward adjustment, and a formula for adjusting the price up or down based on: <ul style="list-style-type: none"> Established prices. Actual costs of the labor or materials. Labor or material indices. 	<ul style="list-style-type: none"> A firm fixed price. Standards for evaluating performance. Procedures for calculating a "fee" based on performance against the standards.⁰ 	<ul style="list-style-type: none"> Fixed price for the first period. Proposed subsequent periods (at least 12 months apart). Timetable for pricing the next period(s).
The Contractor Is Obligated To:	Provide an acceptable deliverable at the time, place, and price specified in the contract.	Provide acceptable deliverables at the time and place specified in each order at the per unit price, within any ordering limits established by the contract.	Provide an acceptable deliverable at the time and place specified in the contract at the adjusted price.	Perform at the time, place, and the price fixed in the contract.	Provide acceptable deliverables at the time and place specified in the contract at the price established for each period.
Contractor's Incentive <i>(other than maximizing Goodwill)¹</i>	Generally realizes an additional dollar of profit for every dollar that costs are reduced.	Generally realizes an additional dollar of profit for every dollar that per unit costs are reduced.	Generally realizes an additional dollar of profit for every dollar that costs are reduced.	Generally realizes an additional dollar of profit for every dollar that costs are reduced; earns an additional fee for satisfying the performance standards.	For the period of performance, realizes an additional dollar of profit for every dollar that costs are reduced.
A Typical Application	Commercial supplies and services.	Annual contracts for commercial supplies and support services.	Longterm contracts for commercial supplies during a period of high inflation.	Installation support services.	Longterm production of spare parts for a major system.
Principal Limitations In Far Parts 16, 32, 35, and 52	Generally not appropriate for R&D.	Per unit price may only be FFP, FPEPA, FPPRD, or catalog/market based. Under a Req. contract, must procure only from that contractor for the covered deliverables.	Must be justified.	Must be negotiated.	Must be negotiated. Contractor must have an adequate accounting system that supports the pricing periods. Prompt re-determinations.
Variants	Firm Fixed Price Level of Effort				Retroactive Re-determination

Exhibit 4-2

⁰The amount of the award fee is not subject to the Disputes Clause.¹Goodwill being the value of the name, reputation, location and other intangible assets of a firm.

FIXED PRICE INCENTIVE (FPI)	COST PLUS FIXED FEE (CPFF)	COST PLUS INCENTIVE FEE (CPIF)	COST PLUS AWARD FEE (CPAF)	COST OR COST SHARING (C/CS)	TIME & MATERIALS (T&M)
Labor or material requirements for the work are moderately uncertain. Hence, the Government assumes part of the risk.	Labor hours, labor mix, and/or material requirements (among other things) necessary to perform are highly uncertain and speculative. Hence, the Government assumes the risks inherent in the contract—benefiting if the actual cost is lower than the expected cost; losing if the work cannot be completed within the expected cost of performance. Some cost type contracts include procedures for raising or lowering the fee as an incentive for the contractor to perform at lower cost and/or attain performance goals.				
A ceiling price can be established that covers the most probable risks inherent in the nature of the work. The proposed profit sharing formula would motivate the contractor to control costs and meet other objectives.	Relating fee to performance (e.g., to actual costs) would be unworkable or of marginal utility.	A objective relationship can be established between the fee and such measures of performance as actual costs, delivery dates, performance benchmarks, and the like.	Objective incentive targets are not feasible for critical aspects of performance. Judgmental standards can be fairly applied. ¹ Potential fee would provide a meaningful incentive.	<ul style="list-style-type: none"> The contractor expects substantial compensating benefits for absorbing part of the costs and/or foregoing fee, or The vendor is a nonprofit entity. 	Costs are too low to justify an audit of the contractor's indirect expenses.
<ul style="list-style-type: none"> A ceiling price. Target cost. Target profit. Delivery, quality, and/or other performance targets (optional) A profit sharing formula. 	<ul style="list-style-type: none"> Target cost. A fixed fee. 	<ul style="list-style-type: none"> Target cost. Performance targets (optional) A minimum, maximum, and target fee. A formula for adjusting fee based on actual costs and/or performance. 	<ul style="list-style-type: none"> Target cost. Standards for evaluating performance. A base and maximum fee. Procedures for adjusting "fee", based on performance against the standards. 	<ul style="list-style-type: none"> Target cost. If CS, an agreement on the Government's share of the cost. No fee. 	<ul style="list-style-type: none"> A ceiling price. A per hour labor rate that also covers overhead and profit. Provisions for reimbursing direct material costs.
Provide an acceptable deliverable at the time and place specified in the contract at or below the ceiling price.	Make a good faith effort to meet the Government's needs within the estimated cost in the Schedule.				Make a good faith effort to meet the Government's needs within the "ceiling price."
Realizes a higher profit by completing the work below the ceiling price and/or by meeting objective performance targets.	Realizes a higher rate of return (i.e., fee divided by total cost) as total cost decreases.	Realizes a higher fee by completing the work at a lower cost and/or by meeting other objective performance targets.	Realizes a higher fee by meeting judgmental performance standards.	If CS, shares in the cost of providing a deliverable of mutual benefit.	
Production of a major system based on a prototype.	Research study.	Research and development of the prototype for a major system.	Large scale research study.	Joint research with educational institutions.	Emergency repairs to heating plants and aircraft engines.
Must be negotiated. Contractor must have an adequate accounting system. Targets must be supported by the cost data.	The contractor must have an adequate accounting system. The Government must exercise surveillance during performance to ensure use of efficient methods and cost controls. Must be negotiated. Statutory and regulatory limits on the fees that may be negotiated. Must include the applicable "Limitation of Cost" clause at FAR 52.232-20 through 23. (CPFF requires justification.)				Labor rate must be negotiated. Must be justified. The Government must exercise appropriate surveillance to ensure efficient performance.
Firm or Successive Targets	Completion or Term.				Labor Hour

Exhibit 4-2



TR 4-13

Firm-Fixed Price (FFP).

Select this contract when the cost of performance can be predicted with a reasonable degree of confidence.

Contractor assumes all risk. In addition the contractor guarantees performance.

Ask the class to provide examples based on their own experience or knowledge.

- Commercial supplies and services.

Provide this example only if the class can't provide their own.



TR 4-10

Time & Materials (TM).

Select this contract when the resources cannot be predicted with a reasonable degree of confidence.

The Government assumes all risk except for fluctuations in hourly rates that include wage, overhead, general & administrative expenses, and profit.

Government surveillance is necessary and a ceiling price is set.

Ask the class to provide examples based on their own experience or knowledge.

- Emergency repairs to heating plants and to aircraft.

Provide this example only if the class can't provide their own



TR 4-15

Firm-Fixed Price Incentive (FFPI).

Select this contract when a ceiling price can be established that covers most risk.

This contract obtains specific objectives by:

- Establishing reasonable and attainable targets.
- Including an incentive arrangement to motivate the contractor.

Ask the class to provide examples based on their experience or knowledge.

- Removing snow within a time frame warrants a monetary bonus.

Provide this example only if the class can't provide their own.

TR 4-13
to 4-14

Fixed-Price Economic Price Adjustment (FPEPA).

Select this contract when the market prices at risk are severable and significant. The risk stems from industry wide contingencies beyond the contractor's control.

Use of an FPEPA contract reduces the contractor's risk because he is protected against industry-wide increases.

Ask the class to provide examples based on their own experience or knowledge.

- Long term contracts for commercial products during a period high inflation.

Provide this example only if the class can't provide their own.



Refer to VG 4-3 “Contract Categories.”

Describe the more popular contract type under the Cost-Reimbursement category.

Explain to the class that usually the contractor assumes less risk with these types of contracts.



TR 4-10

Cost-Reimbursement (no fee).

Select this contract when uncertainties involved in contract performance do not permit cost to be estimated with sufficient accuracy.

The Government assumes the risk for all allowable and allocable costs.

Ask the class for additional examples relating to their own experience or knowledge.

- Research, preliminary exploration or study, or development and testing. Usually used with universities.

Provide these examples only if the class can't provide their own.



TR 4-20

Cost-Plus Fixed Fee (CPFF).

Select this contract when fees relating to performances are unworkable.

Discuss the 2 forms the CPFF contract can take:

- Completion Form
- Term Form

Ask the class for additional examples based on their own experiences or knowledge.

- Research study.

Cost-Plus Incentive Fee (CPIF).



TR 4-21

Select this contract when an objective relationship can be established between the fee and such measures of performance as actual cost, delivery dates, and performance benchmarks.

Explain the similarities to the fixed-price contract.

Describe what both parties negotiate at the outset.

- Target Cost and Fee
- Minimum and Maximum Fee
- Fee Adjustment Formula

Ask the class to provide additional examples based on their experience or knowledge.

- Research and development of the prototype for a major system.

Provide this example only if the class can't provide their own.



TR-22

Cost-Plus Award Fee (CPAF).

Select this contract when objective incentive targets are not feasible for critical aspects of performance.

Provide this example only if the class can't provide their own.

Discuss the 6 elements of the CPAF contract.

- Estimated Cost
- Base Fee
- Award Fee
- Maximum Fee
- Performance Criteria
- Fee Payment Plan

Ask the class to provide additional examples based on their experience or knowledge.

- Operating a cafeteria.



Refer to VG 4-3 “Contract Categories.”

Briefly mention the methods of ordering listed on the view graph.

Explain that these aren’t contracts.



TR 4-10
4-11

Basic Ordering Agreement (BOA).

Select a BOA when the number and/or type of resources necessary cannot be predicted.

Ask the class to identify some typical examples of BOA based on their experience or knowledge.

- Support services.

Provide this example only if the class can’t provide their own.

Remind the students that for more information on contract types and methods of ordering they must read Chapter 4 in the TR.

Explain that a BOA is normally used in areas of non-competition or restrictive competition.

Provide this example only if the class can’t provide their own.



TR 4-11

Basic Agreement (BA).

Select a BA when a substantial number of separate contracts may be awarded to a contractor over the given period.

A BA may not:

- Cite appropriations or obligate funds.
- State or imply any agreement by the Government to place future contracts or orders with the contractor.
- Be used in any manner to restrict competition.

Ask the class to identify some typical examples of BAs based on their experience or knowledge.

- Sources that are awarded multiple contracts.

4.5 For FP Contracts, Select a Method of Ordering.

Tell the class that when using a FP contract they must also select a method of ordering.

Describe the 3 methods:

- Definite-Quantity/ Definite-Delivery
- Definite-Quantity/Indefinite-Delivery
- Indefinite-Quantity/Indefinite-Delivery

Remember, be brief. The students may read Chapter 4 or take a class devoted to contract types at a later date.

Provide this example only if the class can't provide their own.

Tell the class that objective 4.4 will be taught later in this lesson.



TR 4-12

Definite-Quantity/Definite Delivery.

Select this option when quantities to be procured and delivery schedules are known or likely to be stable for the life of the contract.

This ordering method is probably the most commonly used for FP contracts.



TR 4-12

Definite-Quantity/Indefinite Delivery.

Select this option when a definite quantity is required, supplies and services are regularly available, and deliveries can be scheduled upon order.



TR 4-12

Indefinite-Quantity/Indefinite Delivery.

Select this option when the Government can't predetermine quantities and it's inadvisable for the Government to commit itself for more than a minimum quantity.

Explain that the indefinite-quantity contract should be used when a recurring need is anticipated.



TR 4-13
to 4-19

4.6 For FP Contracts, Select a Pricing Arrangement.

Tell the class that FP contracts provide for a firm price or an adjustable price.

Explain that the final price is either fixed at the outset or subject to the same contingencies no matter to whom award is made.

Inform the class that pricing arrangements are characterized by variations in cost responsibility. This responsibility is divided between the contractor and the Government.

List examples of pricing arrangements:

- Firm-Fixed Price (FFP)
- Firm-Price with Economic Price Adjustment (FPEPA)
- Fixed-Price Award Fee (FPAF)
- Fixed-Price Incentive (FPI)
- Fixed-Price Redetermination (FPR)
- Firm Fixed Price Level of Effort (FFPLE)

Write the list of pricing arrangements on the chalkboard.



TR 4-19
to 4-23

4.7 For Cost Contracts, Select a Fee Arrangement.

Explain that under cost contracts the contractor agrees to exert his best efforts to perform within the estimated cost.

Tell the class that an estimate of total cost is established for the purpose of obligation of funds and establishing a ceiling.



List examples of fee arrangements:

- Cost-Plus Fixed Fee (CPFF)
- Cost-Plus Incentive Fee (CPIF)
- Cost-Plus Award Fee (CPAF)
- Cost & Cost Sharing

Write the list of fee arrangements on the chalkboard.

TOPIC: SELECTING A CONTRACT TYPE

Reference: Chapter 4, Pages 4-7 to 4-24

Objective: When you finish this lesson, your students should be able to:


- Select one of the basic types of contracts or agreements.
- Document rationale for the selected type of contract and draft any necessary determination and findings.

Time: Tuesday 9:00 - 10:00

Break 10:00 - 10:15

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
	4.4 Basic Types of Contracts or Agreements.	<p>Tell the class that this objective is taught out of sequence.</p>
 CE 4-3	<p>Assign Case Study 4-2 “Contract Selection.”</p> <p><u>Discuss</u> with the class the type of contract they would select for the fireworks procurement. They should agree to a Firm-Fixed Price (FFP) Contract.</p> <p><u>Tell</u> the class, in their groups, to read the case studies and select the best type of contract in each instance.</p> <p><u>Remind</u> the class that they may decide to use more than one contract type for multi-faceted contracts.</p> <p><u>Inform</u> the class that they have 20 minutes to complete this case study.</p>	<p>Walk around the room and interact with the groups as needed. Answer any questions concerning the case study.</p>

Case Study 4-2 Contract Selection

Read the following three case studies and select the type of contract that would be best in each one. Justify your answer.

1. In November you received a requirement for an integrated system from a single source that involves both hardware and software.
 - Your market survey shows that the hardware is available off-the-shelf, but the software must be developed from scratch.
 - The Deputy Director is watching this procurement action directly because of the importance to meet the anticipated increase in demand for real time data is critical.
 - Few contractors have completed this type of work and it's difficult to fully define all requirements because of time constraints and the location of the users.
 - The number of workstations will be implemented gradually over time. At best you can estimate the user population to be somewhere between 25 and 180 users depending on several variables that won't be defined until September.
 - You have been directed to have a prototype available April 1st and initial implementation completed by August.

What type of contract will you choose and why?

Instructor's answer:

Hardware: Firm-Fixed Price (FFP) with option for additional hardware. This is the best contract to select because the hardware is off-the-shelf and available. Your initial buy can be for the minimum amount and you still have an option to purchase others at a set price.

Software: Cost-Plus Fixed Fee (CPFF) for development. This is the best contract type to select in order to develop the software. In addition, you may use Incentive Fee if time is critical due to unknowns and undefined requirements. It is also possible to break the contract into phases: 1. Define requirements; 2. Design; 3. Develop prototype; and 4. Produce final software. The only other real option, Time and Materials is not the best choice because the contractor would profit from additional time taken to do the job.

Another option is to have separate contracts and provide Government Furnished Equipment (GFE) to this contractor for the software development.

Case Study 4-2

Contract Selection

2. Washington has been experiencing increased snowfall over the last few years, much of which has been difficult to predict due to strange and deceiving weather patterns. The headquarters compound must stay “open and drivable” at all times. You have defined three types of road surface priority areas:
- Priority A: The roads must be drivable at all times.
 - Priority B: The roads must be drivable within 2 hours after the first snowfall.
 - Priority C: The roads must be drivable within 12 hours of the first snowfall.

The market is very competitive, yet the Washington area does not possess a great deal of snow removal equipment. If possible, roads need to be cleared even earlier. What type of contract will you choose and why?

Instructor’s answer: The best contract to select in this instance is Cost-Plus Award Fee because the amount and frequency of snowfall is impossible to predict. Given the priorities a contractor would have to dedicate equipment to the headquarters compound, especially for Priority A roads. In addition, you desire to have roads cleared earlier if possible.

Another option would be to have Award Fee relate to Priority A roads and Incentive Fee on Priority B and C roads.

Case Study 4-2 Contract Selection

3. Political turmoil appears to be increasing in Cuba. There is evidence of increased production from factories and public utility output appears to be on the rise. Your office has decided that it is important to update current intelligence on this country.

Because of increased concern you want to maximize your data as soon as possible, however, this was not factored into the budget and money is scarce.

- You must hire researchers to write papers in each of the areas listed above.
- They must be highly detailed, specific, and their accuracy must be guaranteed. All papers must be complete by August.
- Factory production and utility output are relatively easy to determine and analyze. Political unrest is somewhat more difficult.

There are several researchers who you know to be experts in each topic area. You are ending another project and will have some free time available to monitor performance and work directly with the researchers. What type of contract will you choose for each of the three papers and why?

Instructor's answer:

Two different contracts may be selected in this instance which are Cost-Plus Fixed Fee (CPFF) or Firm-Fixed Price (FFP level of effort).

CPFF

- *Accuracy is important and may take several iterations. You can adjust the information as you go along.*
- *Political unrest may be difficult to obtain.*
- *You have time to monitor.*

FFP

- *You know experts in these areas.*
- *Because of the tight budget you must fix your cost early on.*
- *Time is fixed to assist in scoping.*

Review Case Study 4-2 “Contract Selection.”

Call on the first group to present their answer to the first case study. Ask the group for their justification.

Allow approximately 5-10 minutes for this review.

Continue calling on different groups until all the case studies have been answered.

Lead the class in a discussion on Case Study 4-2. Ask the following questions:

- What do you think could happen if you selected the wrong contract type? (It could cost the Government time and money and provide for a low quality of performance.)
- Is it possible for more than one contract type to work in a given situation?

4.8 Document the File.



TR 4-23

Inform the class that it is their responsibility to ensure that each contract file includes documentation to show why a particular contract was selected.

Reference Exhibit 4-9.

End Of Chapter 4 - Contract Types

BREAK

Lesson Plan

CHAPTER 5 - GFP, BONDS, RFP's

[illegible]

TOPIC: INTRODUCTION TO RFPs

Ref.: Chapter 5, Pages 5-17 to 5-18



Objective: When you finish the introduction to the lesson, your students should be able to:

- Define the term Request For Proposal (RFP).
- Describe the purpose and importance of the Request For Proposal (RFP).
- Recognize when the Request For Proposal (RFP) is written during the Procurement Process.

Time: Tuesday 10:15 - 10:20

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 5-17	<p>Define a Request for Proposal (RFP) and Identify the Differences Between an RFP and IFB (Invitation for Bid).</p> <p><u>Tell</u> the class that an RFP is a solicitation document that is drafted by a Government agency. This document contains a description of what the Government wants to purchase. In addition, it contains all the provisions and clauses that govern the purchasing of a specific service or supply.</p> <p>• Question:</p> <p>What is the purpose of an RFP?</p> <p>Answer: The RFP communicates the Government's need for a specific service or supply to prospective contractors. In addition, it elicits proposals from prospective offerors to help the Government locate the best qualified contractor to provide the specific service or supply.</p>	<p>Explain to the class that they are going to skip GFP and Bonds in Chapter 5.</p> <p>Tell them to read this information in the TR.</p>
		



• **Question:**

What is the difference between the RFP and the IFB?

Answer: The IFB is used in sealed bidding contracting and a RFP is used in negotiated contracting.

TOPIC: REQUEST FOR PROPOSAL (RFP)

Ref.: Chapter 5, Pages 5-19 to 5-29



Objective: When you finish the lesson, your students should be able to:

- Determine whether the Uniform Contract Format (UCF) is required.
- Prepare the RFP.
- Determine whether to solicit by an RFQ, orally, by letter RFP, or a formal RFP.
- Establish closing dates and time.

Time: Tuesday 10:20 - 11:00

Method: Lecture/Discussion/Class Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
  TR 5-20	<p>5.3.3 Show VG 5-1 “Uniform Contract Format (UCF).”</p> <p>Explain to the class that the UCF is used to guide the preparation of the RFP. It contains 4 parts and 13 sections which organize the RFP into an orderly presentation which does the following:</p> <ul style="list-style-type: none"> • Describes the requirement. • Invites standardized proposals. • Informs offerors of the evaluation factors. • Forms a contract. <p>Tell the class that there are exceptions to using the UCF. The following are circumstances when the UCF is not required:</p> <ul style="list-style-type: none"> • Basic Agreements • Construction and A & E • Shipbuilding and Related Activities • Subsistence Items • Supplies or Services Requiring Special 	<p>Explain that all tasks performed and decisions made to this point in time must be made in order to prepare the RFP.</p> <p>Write the list of circumstances on the chalkboard.</p>



5.3.4 Prepare the RFP (continue using VG 5-1).

Explain that the UCF requires specific types of information that must be included by the Government and the offeror.

Briefly mention the 4 parts and 13 sections that comprise the UCF using the following structure:

- Purpose
- Content
- References
- Explanation



TR 5-22
to 5-29

Instruct the students to follow along as you explain each section of the UCF when preparing the RFP.



TR 5-19

5.3.1 Determine How to Solicit.

Identify the 4 methods of solicitation.

- Request for Quotations (RFQ)
- Oral Negotiations
- Letter RFP
- Formal RFP

Tell the students that the Letter RFP is rarely used.



Note for simplicity VG 5-1 does not show the 4 sections. This is done to create a less “busy” view graph.

Tell students this subject is dealt with in detail in Sealed Bidding course and is only reviewed here briefly.

Spend more time discussing the main sections of the UCF. For Example Sections C, L, and M.

Write the 4 methods on the chalkboard.



TR
5-19

Instruct the students to follow along as you explain the 3 major methods of solicitation.



CE 5-2

Assign Case Study 5-1 “Methods of Solicitation.”

Tell the class to read the 5 Case Studies and determine which method of solicitation is appropriate and justify each choice.

Inform the class that they have 15 minutes to complete this case study.

Walk around the room and assist the groups as needed. Answer any questions.

Case Study 5-1

Methods of Solicitation

Read the following 5 case studies and determine which method of solicitation would be the best for completing the job. Justify your answer.

1. Heather Simpson from the Department of Foreign Services needs to develop an 8 hour interactive computer based training program. This program will educate foreign immigrants on the proper procedures for operating an automobile in the United States. It has been determined that a contractor will develop the program and due to the nature of this project, Heather can be assured that the training program will exceed \$25,000. Which method of solicitation should Heather use?

Instructor's answer: Since the 8 hour interactive computer based training program will exceed \$25,000, it must be procured through a **formal RFP**.

2. Blaire Hilty works for the St. Johns territory in the Virgin Islands. A hurricane has destroyed the island's generator, leaving them without water or electrical power. It has been determined that it is impossible to repair the generator, therefore it must be replaced. What method of solicitation should Blaire use to obtain a new generator?

Instructor's answer: This is an emergency. There is no time to formally solicit the public for a new generator, therefore it must be solicited through **Oral Negotiations**.

3. Kyle Henderson is in charge of an isolated community 20 miles SE of Anchorage, Alaska. He must arrange for emergency transportation and mail services to and from the community. He has little information pertaining to cost and availability. To obtain these services, Kyle is considering different options which include using a helicopter, a dog sled, or a single engine plane. Which method of solicitation should Kyle use?

Instructor's answer: In order to gather information about availability and cost for planning purposes it is best to solicit using an **RFQ**.

4. The Department of Commerce needs to improve their method of communication, worldwide. They must have a system that allows them to instantaneously transmit and receive real time data from anywhere in the world from a central location. The Department is looking into the possibility of using a satellite, fiber optics, or using an existing system. Which method of solicitation should the Department of Commerce use?

Instructor's answer: This contract has the potential to be quite lengthy and costly. The best method of solicitation is **RFP**.

Case Study 5-1

Methods of Solicitation

5. A volcano has erupted in Mexico followed by earthquakes registering 6.3 on the Richter scale. They are in need of emergency medical attention, medical supplies, water, and food. Based on your past experience providing aid in disaster situations, you know that this solicitation will be quite expensive. Which method of solicitation should you use?

<p><i>Instructor's answer:</i> This solicitation, in spite of high cost, must be procured through <i>Oral Negotiations</i> because of the emergency situation.</p>
--

Review Case Study 5-1 “Methods of Solicitation.”

Call the first group to present its answer to the first case study.

Ask the students why they chose the answer they did.

Continue by asking the second group to present its answer to the second case study, until all case studies are answered.

Lead the class in a discussion on Case Study 5-1. Ask the following questions:

- In what way does cost affect your decision to select a particular method of solicitation?
- Which method of solicitation do you think you will use most often? Why?



TR
5-20

5.3.2 Establish Closing Dates and Times.

Describe the factors that must be considered when determining the closing date and time for receipt of proposals.



- Complexity of the requirement.
- Urgency of the Government’s requirements.
- Subcontracting possibilities.
- Geographic location of offerors.
- Use of pre-solicitation notices.
- Seasonal workload requirements.
- Mailing time for the RFP/RFQ and the proposal.

Write the 7 factors on the chalkboard.

End of Chapter 5 - GFP, Bonds, RFPs

Lesson Plan

CHAPTER 7 - PRE-PROPOSAL CONFERENCES & AMENDING/CANCELING RFP's

TIME	TOPIC	OBJECTIVES
Tuesday 11:00 - 11:05	Introduction to a Pre-Proposal Conference	<ul style="list-style-type: none">• Define the term pre-proposal conference.• Identify the purpose of a pre-proposal conference.
Tuesday 11:05 - 12:00	Pre-Proposal Conference	<ul style="list-style-type: none">• Determine the need for a pre-proposal conference.• Develop agenda and invite attendees.• Brief technical personnel• Prepare opening briefing for the conference.
Tuesday 12:00 - 1:00	LUNCH	
Tuesday 1:00 - 1:20	Pre-Proposal Conference (Cont.)	<ul style="list-style-type: none">• Conduct and record the conference.
Tuesday 1:20 - 1:25	Introduction to Canceling/Amending RFPs	<ul style="list-style-type: none">• Recall the importance of an accurate RFP.• Identify when an RFP needs to be amended.
Tuesday 1:25 - 1:35	Amending/Canceling RFPs	<ul style="list-style-type: none">• Prepare and issue an amendment to the solicitation.

TOPIC: INTRODUCTION TO A PRE-PROPOSAL CONFERENCE

Ref.: Chapter 7, Pages 7-2 to 7-4



Objective: When you finish the introduction to the lesson, your students should be able to:

- Define the term pre-proposal conference.
- Identify the purpose of a pre-proposal conference.

Time: Tuesday 11:00 - 11:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 7-2	<p>Introduction to a Pre-Proposal Conference.</p> <p><u>Inform</u> the class that after the solicitation has been issued, but before offers have been submitted, the Government may wish to hold a pre-proposal conference.</p> <p>Define Pre-Proposal Conference.</p> <p><u>Explain</u> to the class that a pre-proposal conference is an information gathering tool used by the Government.</p> <p>Identify the Purpose of a Pre-Proposal Conference.</p> <p><u>Tell</u> the class that the pre-proposal conference is used to explain or clarify complicated specifications and requirements.</p> <p> <u>Point</u> out that the conference is <u>not</u> used to pre-qualify or pre-select prospective contractors.</p>	<p>You may want to begin this lesson with exercise 7-2 and cover the material on pages 7-1 to 7-3 with the exercise review or discussion.</p> <p>Be prepared to clarify the difference between a pre-proposal and pre-solicitation conference.</p>

TOPIC: PRE-PROPOSAL CONFERENCE

Ref.: Chapter 7, Pages 7-5 to 7-8

Objective: When you finish the lesson, your students should be able to:


- Determine the need for a pre-proposal conference.
- Develop agenda and invite attendees.
- Brief technical personnel.
- Prepare opening briefing for the conference.
- Conduct and record conference.

Time: Tuesday 11:05 - 12:00

Lunch 12:00 - 1:00

Method: Lecture/Discussion/Individual Exercise/Role-Play

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 7-5	<p>7.1.1 Determine Need for a Pre-Proposal Conference.</p> <p><u>Tell</u> the class that it's the Contract Specialist's responsibility to determine if a pre-proposal conference is necessary.</p> <p><u>Inform</u> the class that a conference is held when it's apparent that contractors don't have a reliable or valid understanding of the RFP's requirements.</p> <p><u>Discuss</u> with the class factors used to help determine the need for a conference.</p> <ul style="list-style-type: none"> • Complex requirements and/or technical evaluation criteria. • Need of contractors to inspect work sites. • Revisions to the requirement. • Long periods of time between awards. • Contractor inquiries. • Dollar amount. 	<p>Ask the class for help to create this list. In addition, you may want to write this list on the chalkboard.</p>



TR 7-5

7.1.2 Develop Agenda and Invite Attendees.

Describe the 4 steps that must be completed to make arrangements for the conference.

Step 1: Develop the agenda. The agenda may use the following format:

- Briefing on solicitation.
- Presentation of prepared responses to questions submitted in advance.
- Questions and answers from the floor.

Step 2: Provide all prospective offerors adequate notice of time, place, nature and scope.

Step 3: If time permits, ask prospective offerors to submit questions in advance.

Step 4: Arrange for technical and legal personnel to attend the conference.

Clarify the difference between the pre-solicitation and the pre-proposal conference.



CE 7-2

Assign Case Study 7-1 “Pre-Proposal Conference.”



Instruct the class to read the case study and develop an agenda to conduct a pre-proposal conference.

Tell the class that they have 15 minutes to complete this case study.

You may want to write the student’s ideas on the chalkboard. Use the opportunity to create an agenda on the chalkboard.

Case Study 7-1

Pre-Proposal Conference

You must develop an agenda for a pre-proposal conference; you must also assume the role of the contractors and develop questions for the Department of the Interior.

There will be two companies participating in the conference: Kelly Engineering and Creative Solutions, Inc.

Be prepared to participate in a simulated pre-proposal conference in class.

The Situation

The Department of the Interior is buying new equipment for an underground coal mining demonstration. The equipment was designed and developed in Europe and the Department of the Interior is trying to introduce the new equipment to the United States. It is difficult to describe the equipment and the technique for using it in a Statement of Work (SOW) or the Request for Proposal (RFP). In addition, the equipment specifications and technique for using it varies from site to site. In most cases the equipment must be specifically tailored to each site.

It has been recommended that the Department of the Interior conduct a pre-proposal conference. This conference will describe the specific site and the technique for using the equipment. In addition, it would allow the contractors to see the actual mining site which will give them a better idea of the contract's specifications.

Instructor's answer: The students must develop an agenda for the pre-proposal conference. It should take place in two parts. Part one is an information session. This session will provide the prospective contractors with the opportunity to ask any questions that they may have. The second part is a tour of the coal mine. This gives the contractors an opportunity to see, first hand, what the contract is specifying.

There is no specific format to follow for the agenda and each group may have different ideas. The agenda must have an open briefing and must show presentation of prepared responses.

Review Case Study 7-1

“Pre-Proposal Agenda.”

Randomly call on students to ask them how to set-up their agenda. Continue asking students questions about the agenda until you have adequately completed one.



TR 7-6

7.1.3 Brief Technical Personnel.

Explain that it's usually necessary to have technical personnel present at a pre-proposal conference.

Identify the information technical personnel need.

- What their role is for the conference.
- Agenda for the conference.
- What limits exist for providing information.

7.1.4 Prepare Opening Briefing for the Conference.

Describe the elements that comprise the opening briefing.

- Background and other factors not covered in the solicitation.
- Description of the requirement and evaluation factors of Section M of the RFP.
- Emphasis on special terms.
- Describe any changes to the solicitation.
- Government's position.
- Invitation to ask questions.

7.1.5 Conduct and Record the Conference.

Explain the Contract Specialist's role in conducting the conference.

- Conduct the conference.
- Furnish prospective offerors identical information concerning the proposed acquisition.
- Make a complete record of the conference (court reporters may be used).
- Furnish a copy of the record to all prospective offerors.

Remind the class that a pre-proposal conference should never be used as a substitute for amending a defective or ambiguous solicitation.

Tell the class to be prepared to conduct a Pre-Proposal Conference, using their agenda, after lunch.

LUNCH



CE 7-3

Assign Role-Play 7-2 “Pre-Proposal Conference.”

Set the stage and explain to the class the roles of the 5 people involved in the role-play.

Select 5 students for the role-play.

Encourage the class to participate. Explain that there is a lot of room for fun with this role-play

Tell the students to read the synopsis of the characters, the problem, and the action.

Tell the students to spontaneously conduct a pre-proposal conference.

Explain to the students that there are no right or wrong answers.

Tell the class to conduct the role-play on how they think it should be done.

Tell the rest of the class to pay close attention to the role-play and make notations on how they would handle the situation differently.

Tell the students that they have 5 minutes to prepare for the role-play.

Give the students 5-10 minutes to read the synopsis and to talk among themselves to plan for the role-play.

Allow approximately 15 minutes for the students to conduct the role-play.

Case Study 7-2

Role-Play “Pre-Proposal Conference”

Andy Stevens - the Contract Specialist. Andy is a very professional person who likes to do everything by the book and doesn't like to make mistakes. Andy has been around for years and a Pre-Proposal Conference is just another day on the job.

Francis Jobs - the Requiring Activity (Program Manager) for the Department of the Interior. Francis is new to the job and has never participated in a Pre-Proposal Conference. Francis is an intelligent person who is a quick learner, however the newness to the job has a tendency to make him/her nervous.

Kelly Thomas - a representative from Kelly Engineering. Kelly has been in the business of designing and developing coal mining equipment for years. In fact, Kelly was one of the people who helped developed the old equipment and is skeptical when it comes to believing that the new European equipment can do the job as well.

Pat Clawson - a representative from Creative Solutions, Inc. (CSI). Pat is a senior member of the CSI team, very inquisitive by nature, and has trouble staying focused on the issue at hand. In addition, Pat is a very intelligent person who is well informed on a wide variety of topics and enjoys sharing this information.

Terry Rivers - a representative from Creative Solutions, Inc. (CSI). Terry is a junior member of the CSI team, very creative, enthusiastic, and a reliable person.

Problem: The Department of the Interior wants to introduce European coal mining equipment. The equipment and conditions are difficult to describe and the equipment must be specifically tailored to each site. The Department of the Interior must provide the potential contractors with the needed information for them to understand the contract enough to write a proposal.

Action: Using the Agenda and questions developed earlier in Exercise 7-1, participate in a Pre-Proposal Conference. Andy must conduct the conference and keep everybody on track. Francis will provide the technical expertise and Kelly, Pat, and Terry must question Andy on the conditions, technique, and accuracy of the equipment.

Review Role-Play 7-2 “Pre-Proposal Conference.”

Discuss the role-play with the class and ask the following questions:

- Was this pre-proposal conference successful?
- What must Andy (the Contract Specialist) do now that the conference is over? (He must ensure the transcripts are organized and sent to each attendee. In addition, all modifications to the RFP are communicated to all attendees if required.)
- What would you have done differently during the conference?

TOPIC: INTRODUCTION TO AMENDING/ CANCELING RFPs

Ref.: Chapter 7, Pages 7-9 to 7-10


Objective: When you finish the introduction to the lesson, your students should be able to:

- Recall the importance of an accurate RFP.
- Identify when an RFP needs to be canceled or amended.

Time: Tuesday 1:25 - 1:30

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 7-9	<p>Introduction to Amending/Canceling RFPs.</p> <p><u>Explain</u> to the class that sometimes it is necessary to change an RFP after it has been issued.</p> <p><u>Tell</u> the class that the changes are made by amending the RFP.</p> <p>Explain the Importance of an Accurate RFP.</p> <p><u>Explain</u> that an inaccurate RFP may cause contractors to protest an award decision.</p> <p>Identify When to Cancel/Amend an RFP.</p> <p><u>Inform</u> the class that when the changes are extensive or the error too large, it is best to cancel the RFP and start over.</p>	<p>All of the objectives for this lesson won't be taught because the tasks in this lesson are the same as the Sealed Bidding Course. You should explain this to the class.</p>

Tell the class that amendments aren't necessary just because a prospective contractor has a question or suggestion.

Explain that when determining whether or not to issue an amendment the Contract Specialist must:


- evaluate the situation,
- consult with others, then
- make a recommendation to the CO.

Remind the class that amending/canceling an RFP is expensive. A Contract Specialist must be certain that a change is necessary.

TOPIC: AMENDING/CANCELING RFPs**Ref.:** Chapter 7, Pages 7-14 to 7-21**Objective:** When you finish the lesson, your students should be able to:

- Prepare and issue an amendment to the solicitation.

Time: Tuesday 1:25 - 1:30**Method:** Lecture/Discussion**Lesson Plan**

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 7-14	<p>7.2.3 Prepare and Issue Amendment.</p> <p><u>Explain</u> to the class the process for amending and canceling the RFP is basically the same as in Sealed Bidding.</p> <p><u>Tell</u> the class that SF 30 is used in Contracting by Negotiation as in Sealed Bidding.</p> <p><u>Describe</u> the guidelines for issuing an amendment.</p> <ul style="list-style-type: none"> • If proposals aren't due yet, send the amendment to everyone who received the solicitation. • If proposals have been received, send the amendment to all responding to the solicitation. • If the competitive range has been established, send the amendment to offerors that are in the range. 	

**End of Chapter 7-Pre-Proposal Conference and
Amending/Canceling RFPs**

Lesson Plan

CHAPTER 8 - PROCESSING PROPOSALS & TECHNICAL EVALUATIONS

TIME	TOPIC	OBJECTIVES
Tuesday 1:35 - 1:40	Introduction to Processing Proposals	<ul style="list-style-type: none">Recall the purpose for processing proposals.Identify the Contract Specialist's role in processing proposals.
Tuesday 1:40 - 3:00	Processing Proposals	<ul style="list-style-type: none">Receive, open and record proposals.Safeguard proposals against unauthorized disclosure.Review proposal for completeness and identify variances from the RFP's terms and conditions.Reject proposals that cannot be made responsive.Designate individuals to review proposals and request their assistance.
Tuesday 3:00 - 3:15	BREAK	
Tuesday 3:15 - 3:20	Introduction to Reviewing Technical Evaluations	<ul style="list-style-type: none">Define the term technical evaluation.Identify the purpose of a technical evaluation.
Tuesday 3:20 - 4:00	Reviewing Technical Evaluations	<ul style="list-style-type: none">Instruct technical evaluators.Obtain and review the technical evaluation report.Brief the source selection evaluation board.Obtain technical rankings and supporting documentation for proposals.

TOPIC: INTRODUCTION TO PROCESSING PROPOSALS

Ref.: Chapter 8, Pages 8-2 to 8-4



Objective: When you finish the introduction to the lesson, your students should be able to:

- Recall the purpose for processing proposals.
- Identify the Contract Specialist's role in processing proposals.

Time: Tuesday 1:30 - 1:40

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 8-2	<p>Introduction to Processing Proposals.</p> <p><u>Explain</u> to the class that proposals for negotiated procurement must be properly handled from the time of receipt until a contract is awarded.</p> <p>Recall the Purpose for Processing Proposals.</p> <p><u>Tell</u> the class that the handling of proposals is important because this is how the Government assures confidentiality.</p> <p> <u>Point</u> out that the primary concern in handling proposals is safeguarding the content of the proposed contractors' offers from unauthorized personnel.</p>	

Identify the Contract Specialist's Role in Processing Proposals.

Inform the class that each proposal received is reviewed for responsiveness and technical accuracy by qualified personnel.

TOPIC: PROCESSING PROPOSALS

Ref.: Chapter 8, Pages 8-5 to 8-13

Objective: When you finish the lesson, your students should be able to:


- Receive, open and record proposals.
- Safeguard proposals against unauthorized disclosure.
- Review proposals for completeness and identify variances from the RFP's terms and conditions.
- Reject proposals that cannot be made responsive.
- Designate individuals to review proposals and request their assistance.

Time: Tuesday 1:40 - 3:00

Break 3:00 - 3:15

Method: Lecture/Discussion/Individual and Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 8-5	<p>8.1.1 Receive, Open, and Record Proposals.</p> <p><u>Explain</u> to the class that the process used to receive, open and record proposals is basically the same for Sealed Bidding and Contracting by Negotiation except for the public opening.</p> <p><u>Tell</u> the class that once a proposal is received, the Government is responsible for its confidentiality.</p> <p><u>Point</u> out that all proposals must be properly secured.</p> <p><u>Explain</u> that there are a few differences that exist between the two methods of procurement when processing proposals.</p>	<p>This objective was taught in the Sealed Bidding Course. Since the process is the same, only spend 5-10 minutes on this objective. You may want to explain this to the class.</p>

Differences in Contracting by Negotiation When Processing Proposals.

Tell the class that one difference is when a proposal is received without the proper markings. Officials shall:

- Open the proposal.
- Write on the proposal:
 - explanation of the opening,
 - date and time opened, and
 - the solicitation number.
- Sign and reseal the envelope.

Remind the class that the information contained in the proposal shall not be discussed until the official opening.

Explain to the class that proposals submitted after the due date won't be accepted. However, in Contracting by Negotiation, a late proposal will be accepted if it is the only proposal received.

Tell the class that a contractor must be notified, in writing, that his proposal can't be considered for award. However, if the proposed contract is to be awarded within a few days, notice isn't required.

Instruct the class to follow along as you discuss the differences in documenting late proposals. Use Exhibit 8-1-2 for this information.

Remember to emphasize the differences between Sealed Bidding and Contracting by Negotiation.



TR 8-8

LATE PROPOSAL DOCUMENTATION

- Date of mailing, filing or delivery.
- Date and hour of receipt.
- Whether or not considered for award.
- Envelope, wrapper or other evidence of date of submission.

Exhibit 8-1-2



Point out that in Contracting by Negotiation, proposals may be withdrawn, by written notice, any time before award.



Point out that in Contracting by Negotiation, proposals are privately opened as soon as possible after the closing date. Some agencies record proposal information on SF 1409, Abstract of Offers.



TR 8-8

8.1.2 Safeguard Proposals.

Explain to the class that most information concerning proposals received should be available to Government employees on a “**need to know**” basis.



Provide the class with this list of information to be safeguarded.

- Number of proposals received.
- Identity of offerors.
- Information contained in the proposals.
- Any restriction placed on disclosure and use of data by an offeror.

You may want to write this list on the chalkboard.



TR 8-9

Tell the class that some proposals may contain proprietary interest data marked as such by the offeror in accordance with FAR Clause: “Restrictive on Disclosure and Use of Data.” Explain that information so marked cannot affect a proposals’ chances for award.

Ask the class for examples of problems they may have had with safeguarding proposals.

- Damaged mail.
- Envelopes not marked.
- Disclosure of information.

Encourage the class to provide examples from their own experiences. If they won’t, then use your own experience.



TR 8-10

8.1.3 Review Proposals for Completeness.

Inform the class that under a negotiated procurement, any contractual terms and clauses may be subject to negotiation. This provides great latitude to consider offers that fail to conform to the solicitation.

Explain that you must review all timely proposals for:

- Any minor irregularities and informalities.
- Any differences between the RFP and the proposal.
- Any inconsistencies and errors of quantitative or other reasoning.

Provide the class with this list of examples of minor irregularities and informalities.

- Failure to provide information concerning the number of employees.
- Failure to return the number of copies of signed offers required by solicitation.
- Failure to furnish affidavits concerning parent company and affiliates.
- Failure to execute the certifications with respect to Equal Opportunity and Affirmative Action Programs.

Inform the class that either the Contract Specialist or the offeror may initiate the clarification of a minor irregularity or clerical mistakes.



Show VG 8-1 “Checklist to Ensure Proposal Completeness.”

Discuss the view graph with the class.

8.1.4 Reject Proposals that Cannot be Made Responsive.

- **Question:**



What does the term responsive mean?

Answer: Responsive means compliance in all material respects with the solicitation such as price, delivery, quality, or quantity.



Point out that in Contracting by Negotiation, responsiveness is not a requirement that must be met by the closing date. Offerors have the opportunity to bring proposals in compliance before award.



CE 8-2

Explain that offers may not be considered for award if the offeror won't permit changes to make the proposal responsive.

Assign Exercise 8-1 **“Responsiveness.”**

Instruct the class, in their groups, to read all 5 proposals that were submitted for the fireworks procurement.

Tell the groups to assign one individual to read only 1 proposal in detail. This one person should list the deficiencies for their specific proposal.

Remind the class that fireworks proposals are for a FFP, greatest value contract.

Inform the class that they have 45 minutes to complete this exercise.

Walk around the room during the exercise and interact with the groups. Answer any questions they may have.

Inform the class that eventually they should become familiar with all 5 proposals.

Exercise 8-1

Responsiveness

The following 5 proposals (cost and technical) were submitted in response to the fireworks display RFP. Read each proposal and review them for responsiveness to the SOW that was corrected in Exercise 2-2 on page CE 2-6. Use the space below to list the areas that aren't responsive. This list will be used during discussions.

Instructor's answer: The following are areas of the proposals that aren't responsive. The students should identify these. Be prepared for the class to identify more or different areas.

Burnett Fireworks, Inc.

- Length of display exceeds 30-35 minutes.
- Number of shells exceeds 3,000 - 3,500.
- Cost is too high
- No specifications for sand.

Elkton Sparkler Co., Inc.

- Specifications for number of shells used is omitted.
- No experience.
- Doesn't define quality.

Illinois Fireworks Co, Inc.

- Provisions for cleanup, setup, and takedown are omitted.
- Breaks are used.
- Ground displays are used.
- Length of display.
- No safety or security issues.
- There's a budget for music, but it's not in the proposal.

Ohio Fireworks Manufacturing Company

- Breaks are used.
- Calculation error in budget.
- Wants power and water supplied (this shouldn't be an option).

Vitale Fireworks Manufacturer Company

- Length of display exceeds 30-35 minutes.

Technical Proposal for July 4th Fireworks Display

Submitted By:

Burnett Fireworks, Inc.

3502 - TN Washington St.

P.O. Box 1743

Enid, OK

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation

2464 Carnation St, NW

Washington, DC 20400

Introduction:

Burnett Fireworks, Incorporated thanks the Forest Hill Federal Management Office for the opportunity to submit this proposal for the Fourth of July Fireworks display to be held in our Nation's Capital. Burnett is more than capable of providing an incredible display of light and sound that will delight young and old.

Burnett is a leader in fireworks display and design. Our experienced employees are trained in the latest technologies and perform their duties with unsurpassed attention to quality and detail.

This proposal will provide you with all the information needed to evaluate Burnett for this all important fireworks display.

Objective:

Burnett Fireworks, Inc. proposes a Fourth of July Fireworks Display with the most innovative approach the Government has likely ever seen. We take pride in the fact that we are on the "cutting edge" of new technology in the industry. This contractor will create a highly dramatic, rapid-fire introduction with the mid section of the program consisting of evenly spaced firings. We believe our spectacular finale to be the very best in pyrotechnics. The proposed aerial program includes a total number of 5,000 individual shells designed to provide a continuous display lasting approximately 45 minutes. Burnett believes that we can surpass the Government's expectations in providing an exceptional July Fourth event.

Technical Approach:

Burnett proposes an aerial display of high bursting pieces that comprise a very dramatic and effective fireworks display. We are uniquely qualified to provide the necessary drama for a nationally televised performance. Burnett specializes in a variety of new and innovative fireworks shells. We propose to test run a singularly inventive product called the "Sparkler Shell 2000". The new "Sparkler Shell" has been used only twice before, in Paris and in Hong Kong, and has been highly effective in generating excitement among the audience. We feel certain that it will produce the desired effect in Washington D. C. as well.

The program is planned so that the opening runs 10 minutes and is rapidly paced and exhilarating. The mid section of the program, 20 minutes in length, is quite effective and is intended to build the audience's expectations toward the thrilling 15 minute finish using the "Sparkler Shell 2000". We have provided a taped recording of what we feel is an outstanding musical selection along with a video tape of the proposed program.

Burnett's own people will be available for set up the day before the scheduled program and will complete the clean up by 10 o'clock the following morning. It is our custom to provide our own on site communication system, however an outside telephone line will be required. All other necessary materials will be provided by Burnett. You will find that we have an excellent safety record with over thirty years of incident free performances.

Qualifications and Experience:

Burnett Fireworks, Inc. has been a leader in the pyrotechnic industry for the last thirty years. The company has provided fireworks displays for over 200 city and county governments across the country. In addition, Burnett provides fireworks displays for a number of theme parks both in this country and internationally. For the past five years, Burnett has been involved as a consultant in the annual Bastille Day celebration in Paris, France.

Our staff of artistic design specialists are highly regarded in the industry. The team is headed by director, Anna Tyler who has twenty-five years of experience. Two other members of the design team have ten years or more experience in design, artistry and visual effects.

All of our operators have successfully completed an Oklahoma State Board Certification and must have two years of experience before they are given a supervisory assignment. Our Division of Safety and Inspection can claim a perfect, accident-free, thirty years of performances. A complete listing of references is available to you, should you request it.

Cost Proposal for July 4th Fireworks Display

Submitted By:

Burnett Fireworks, Inc.

3502 - TN Washington St.

P.O. Box 1743

Enid, OK

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation

2464 Carnation St, NW

Washington, DC 20400

Cost Proposal - Firm Fixed Price**Direct Labor**

One Junior Designer	30 hours @ \$35/hr	\$ 1,050
One Senior Designer	16 hours @ \$45/hr	\$ 720

Firing Team

One Supervisor	24 hours @ \$40/hr	\$ 960
Three Assistants	24 hours @ \$30/hr	<u>\$ 2,160</u>

Total Direct Labor \$ 4,890

Overhead on Direct Labor \$ 3,740

Materials (Estimated) \$ 95,700

Musical Program \$ 3,500

Travel

Four people for three nights @\$200/night	\$ 2,400
Mileage for truck and trailer	<u>\$ 3,160</u>

Total Travel \$ 5,560

Total G & A \$ 16,610

Profit \$ 46,000

Total Cost \$176,000

Proposal For Fourth of July Celebration

Technical Proposal

Submitted To:

Forest Hill Federal Management Office
Headquarters, Office of Parks and Recreation
2464 Carnation St, NW
Washington, DC 20400

Submitted By:

Elkton Sparkler Co, Inc.
P.O. Box F
North East, MD 21901

Introduction

Elkton Sparkler Co, Inc. thanks the Forest Hill Federal Management Office for the opportunity to submit this proposal for the development and implementation of a Fourth of July fireworks display for the Washington, DC celebration. Elkton Sparkler Co, Inc. will provide the Forest Hill Federal Management Office with a sensational fireworks display guaranteed to thrill all viewing audiences.

Elkton Sparkler Co, Inc. is a company devoted exclusively to the design and display of fireworks. We specialize in combining the best that we and the industry have to offer in order to provide you with an exceptional show. In addition, we support all we sell with a highly trained staff of designers, technicians, and engineers.

To meet the Forest Hill Federal Management Office's needs Elkton Sparkler Co, Inc. plans to integrate state of the art fireworks to create a most dazzling aerial display. This fireworks display will be continuous and will utilize only the highest bursting pieces.

This proposal furnishes the Forest Hill Federal Management Office with all the information necessary to evaluate Elkton Sparkler Co, Inc. for this effort.

Objective

Elkton Sparkler Co, Inc. will create and produce a spectacular, continuous-fire, aerial display visible to an audience viewing from most area vantage points for a distance of four to five miles. The program will be appropriately layered and balanced using as many high bursting pieces as possible. The program will run for thirty to thirty-five minutes. There are no exceptions taken to the requirements of the RFP.

Background and Qualifications

The Elkton Sparkler Co, Inc. is a growing business that was founded in 1987. Since that time we have built a respectable client base including Cedar Point and Busch Gardens amusement parks. We concentrate all of our efforts on meeting our client's requests and providing them with the most innovative and spectacular fireworks display available.

Our staff is made up of designers, technicians, and engineers all of whom are highly educated. We have two lead designers who have been in the pyrotechnics field for ten years. Our designers and engineers spend two weeks

Background and Qualifications (cont.)

every year traveling the world and identifying new techniques so that our fireworks display are always state-of-the-art entertainment. Our technicians ensure the quality of all the shells we purchase to guarantee our clients satisfaction and decrease the chances of misfiring. Elkton Sparkler Co, Inc.'s technicians are the best in the business and have a perfect safety record; no accidents in five years.

In addition, to the Cedar Point and Busch Gardens amusement parks, we also perform the Fourth of July Fireworks display for Montgomery and Prince George's counties. We have enclosed a video tape that shows a forty and twenty minute display. Please note that the forty minute display incorporates 3 ground displays. Elkton Sparkler Co, Inc. is not planning to incorporate ground displays for this proposal. Finally, we have provided you with a list of our clients should you wish to check references.

Technical Approach

Elkton Sparkler Co, Inc. views fireworks as entertainment that must invigorate its viewing audience. Therefore, each display must be innovative, thrilling, and exciting causing the audience to sit in anticipation for the next burst of light to dance across the sky. For that reason, our top designer has developed a dazzling show tailored especially for the Forest Hill Federal Management Office.

This Fourth of July Celebration we will launch new fireworks developed in China. These new fireworks have only been introduced to America six months ago. We have spent a considerable amount of time testing and creating this new show and are planning a debut in Montgomery county this Fourth of July.

The opening is a spectacular burst of light that forms the shape of the American flag with sprinkling gold dust floating to the ground. The opening should last approximately ten minutes. Next, the body consists of a symmetrical blend of high bursting shells and bright colors. The body will last approximately fifteen minutes. The finale will use only state-of-the-art shells and be as high bursting and colorful as possible. This part of the fireworks display should last approximately ten minutes. There will be no perceivable break in the flow of the display. Each part will have a smooth transition into the next.

We are fully self-sufficient and will provide our own on site office trailer and all necessary firing materials for the performance. The proposed schedule is quite satisfactory, and we take no exception to the other provisions of the RFP.

Cleanup

Elkton Sparkler Co, Inc. has the staff to handle all the necessary preparation for the display, launch, and takedown. We conform to all regulations which apply to handling pyrotechnics as determined by the Federal, state, local, and National Park Service.

Proposal For Fourth of July Celebration

Cost Proposal

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation
2464 Carnation St, NW
Washington, DC 20400

Submitted By:

Elkton Sparkler Co, Inc.

P.O. Box F
North East, MD 21901

Direct Labor

Program Design:	senior designer	40hrs at \$55/hr	=	\$ 2,200
Firing Team:	one supervisor	30hrs at \$25/hr	=	\$ 750
	two assistants	30hrs at \$20/hr	=	<u>\$ 1,200</u>

Total Direct Labor = \$ 4,150

Overhead on Direct Labor = \$ 2,500

Materials = \$47,000

Narration and Music = \$ 2,990

Travel

Six people	three days at \$400/day	=	\$ 7,200
Mileage-truck and office trailer	120 miles at \$4/mile	=	<u>\$ 480</u>

Total Travel = \$ 7,680

G&A = \$ 9,680

Profit = \$12,000

Total Cost = \$86,000

Proposal For
Fourth of July Celebration

Technical Proposal

Submitted To:

Forest Hill Federal Management Office
Headquarters, Office of Parks and Recreation
2464 Carnation St, NW
Washington, DC 20400

Submitted By:

Illinois Fireworks Co., Inc.
P.O. Box 792
Danville, IL 20525

Introduction

Illinois Fireworks Co., Inc. is pleased to respond with a proposal to the Forest Hill Federal Management Office request for the development and implementation of a Fourth of July fireworks display for the Washington, DC celebration.

Illinois Fireworks Co., Inc. offers a new and innovative design for a spectacular fireworks display to meet all of your requirements. We guarantee efficient, responsive, and highly flexible staff. Our staff consists of six highly qualified designers and a firing team of ten.

This proposal furnishes the Forest Hill Federal Management Office with all the information necessary to determine the qualifications of the Illinois Fireworks Co., Inc. to undertake and successfully complete this effort.

Objective

Illinois Fireworks Co., Inc. will create and produce a spectacular, innovative, and thrilling aerial fireworks display that will be visible from most area vantage points for a distance of four to five miles. The program will be appropriately layered and balanced using approximately 3,200 shells. Three perceptible breaks will be used for dramatic and set-up purposes. The program will run for twenty to twenty-five minutes. No exceptions are taken to any of the requirements of the RFP.

Background and Qualifications

The Illinois Fireworks Co., Inc. is a small business founded in 1978. We began in order to meet the increasing need for the growing business of pyrotechnics. We specialize in providing our clients with a one on one service, thus allowing us to tailor each fireworks display to your specific needs.

We have a design staff that consists of 8 designers, a firing team of 10, and a testing group of 4. Our lead designer, Michelle Thompson, has been with the Illinois Fireworks Co., Inc. for 5 years and has a creative flare to suit all of our client's needs. The test group insures quality of all the shells we purchase to guarantee your satisfaction and decrease the chances of misfiring.

We have been selected to perform the fireworks display in Danville, IL for the last 14 years and in Lakeforest, IL for the last 8 years. We have enclosed a video tape that shows a twenty minute display that was especially tailored for the Lakeforest Fourth of July Celebration in 1992. Finally, we have provided you

with contacts in the Danville and Lakeforest areas should you wish to check references.

Technical Approach

Illinois Fireworks Co., Inc. feels that a fireworks display must be innovative. For that reason, our top designer has developed a specific opening and body to fit the occasion. In addition, an exceptional finale has been organized. The intent is to slowly build the audience up and then burst into the finale. The audience should be on the edge of their seat waiting for the next fireworks to explode into the sky.

For this Fourth of July Celebration we are proposing a mixture of ground displays, low bursting shells, and high bursting shells for the finale. The fireworks display is organized into three parts which are the opening, body, and finale. There will be a 60 second break following each part. These breaks allow for dramatics and they also provide our firing team with the necessary time to prepare for the next display.

The opening will consist of a ground display of the American Flag and low bursting pieces. This part should last approximately four minutes. Next, the body consists of a mixture of ground displays, low bursting shells, and high bursting shells lasting approximately ten minutes. And lastly, the finale. The finale will use only state of the art shells and be as high bursting as possible. This part of the fireworks display should last approximately 5 minutes.

Our pricing is dependent upon the number of shells used and material costs. Duds are not a problem. We build enough redundancy into the design so that the audience would never know if something failed to fire. Every program is designed for the specific event.

We will provide our own on site office trailer and all necessary firing materials for the performance. The proposed schedule is quite satisfactory, and we take no exception to the other provisions of the RFP.

Proposal For
Fourth of July Celebration

Cost Proposal

Submitted To:

Forest Hill Federal Management Office
Headquarters, Office of Parks and Recreation
2464 Carnation St, NW
Washington, DC 20400

Submitted By:

Illinois Fireworks Co., Inc.
P.O. Box 792
Danville, IL 20525

Cost Proposal - Firm Fixed Price**Direct Labor**

Program Design:	senior designer	20hrs at \$40/hr	=	\$ 800
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Firing Team:	one supervisor	10hrs at \$25/hr	=	\$ 250
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two assistants	20hrs at \$15/hr	=	\$ 600
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Overhead on Direct Labor (150%)	=	\$ 2,475
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Materials	=	\$42,225
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Narration and Music	=	\$ 3,000
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Travel

Three people	three days at \$200/day	=	\$ 1,800
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Mileage-truck and office trailer	1,500 miles at \$2/mile	=	\$ 3,000
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G&A	=	\$10,950
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Profit	=	<u>\$13,900</u>
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Total Cost	=	\$79,000
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Proposal For

Fourth of July Celebration

Technical Proposal

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation
2464 Carnation St, NW
Washington, DC 20400

Submitted By:

Ohio Fireworks Manufacturing Company

9241 Rock Hill Place
Bellaire, OH 43565

Introduction

Ohio Fireworks Manufacturing Company is pleased to submit the enclosed proposal for providing a spectacular Fourth of July fireworks display for the Washington, DC celebration.

Ohio Fireworks Manufacturing Company is well qualified to provide this celebration due to our having over 80 years of experience in the pyrotechnics industry.

Ohio Fireworks Manufacturing Company proposes to provide the Forest Hill Federal Management Office with a most invigorating and exciting aerial fireworks display. In addition, the majority of the shells will be manufactured in our own facility. The Fourth of July celebration that we design will meet all of your requirements.

Objective

Ohio Fireworks Manufacturing Company will create and produce a spectacular, continuous-fire aerial fireworks display that will be visible from most area vantage points for a distance of four to five miles under clear weather conditions. The program will be appropriately layered and balanced using approximately 3,000 shells. Two perceptible breaks will be used for dramatic purposes (see the section “Approach”) if the Government agrees, otherwise no gaps will be planned. The program will run for thirty four to thirty five minutes. No exceptions are taken to any of the requirements of the RFP.

Background and Qualifications

The Ohio Fireworks Manufacturing Company was founded in 1910 and is the oldest company in the pyrotechnics business in the country. Originally founded to manufacture fireworks for sale for individual use, we soon added the capability to design and build large display pieces. Customer demand required us to add the capability to create and produce dramatic displays for commercial firms, governments, and wealthy individuals. We no longer produce fireworks for individuals, but concentrate all of our attention to producing spectacular display pieces for our own use in fulfilling contracts such as this one, and for sale to other companies who put on displays for governments and commercial firms.

Over eighty percent of the shells that we use are manufactured in our own facility. This gives us a very high degree of quality control. We have two design staffs: one constantly designing new aerial shells and ground displays, the other designing the total display. A special test group insures quality at every step of the manufacturing process. Officers of the firm constantly tour the world

looking for new ideas. We are particularly proud of Dr. Sue Anne Yuan who is in charge of both design groups. We believe her artistry in this field to be unequaled. Our safety engineer, Robert W. Bolan, has a perfect record. No accidents in twenty three years.

We have been selected to perform the fireworks display in Washington, D.C. ten times in the last twenty years, and have had the contract at Disney World since they opened. We feel, however, that our abilities are better shown than discussed. To that end, we have enclosed three video tapes that show a fifteen minute display, a forty five minute display, and our new grand finale (three minutes). We ask that the grand finale be held in the strictest confidence because, although thoroughly tested, it has not been shown in public yet. Finally, our complete customer list is available to you should you wish it for the purpose of checking references.

Approach

Ohio Fireworks Manufacturing Company feels that a fireworks display must be dramatic. For that reason, everything leads to the finale. The intent is to generate continually increasing “OHH’s” and “AHH’s” until the breathless end. The audience should always wish that there were more, but still feel complete. We normally build two fifteen second breaks into our programs: one after the first three to four minutes, and the other just prior to the grand finale. These are certainly not required. We can easily keep the program continuous. We do feel, however, quite strongly that the breaks contribute to the drama of the display. Just as the audience has decided that the program may be over, they are surprised by shell bursts that are even more dramatic than those that they have already seen. This is particularly impressive when the grand finale starts. We would like to suggest that you consider this when watching video tape I which incorporates both breaks. There is no difference in price either way, it is a matter of artistic judgment.

Our pricing is not dependent upon the number of shells used. Although material costs are significant, we price on the basis of the number of shells normally used depending upon program length. Duds are not a problem. We build enough redundancy into the design so that the audience would never know if something failed to fire. We expect to take back a certain number of unused shells. This will become apparent to the COR when we present our final design. In addition, we would like to include the COR in our design process. Every program is designed for the specific event. We would appreciate the COR’s concurrence as each design phase is completed. This can be accomplished by fax, or the COR is welcome to join us at our facility.

We will provide our own on site office trailer and all materials necessary for the performance. We would appreciate an electrical hookup, water, and a telephone line if possible. These are not necessary (we are self contained) but they are convenient. The proposed schedule is quite satisfactory, and we take no exception to the other provisions of the RFP.

Cleanup

The Ohio Fireworks Manufacturing Company proposes to subcontract the cleanup work following the fireworks display. We will use a small, local, minority owned and operated firm called Lewis Brothers. The subcontractor is licensed to handle explosive materials, which may be necessary, should there be any unexploded shells. This subcontractor has been used before for trash cleanup on public park land after major events, and has a history of satisfactory performance. The administrator of the subcontract is Mr. Joseph Heller, the contractor's project manager, who will be responsible for on site performance. No other subcontracting is anticipated.

Proposal For

Fourth of July Celebration

Cost Proposal

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation
2464 Carnation St, NW
Washington, DC 20400

Submitted By:

Ohio Fireworks Manufacturing Company

9241 Rock Hill Place
Bellaire, OH 43565

Cost Proposal - Firm Fixed Price**Direct Labor**

Program Design:	one designer	8hrs at \$20/hr	=	\$ 160
	senior designer	8hrs at \$30/hr	=	\$ 240
Firing Team:	one supervisor	24hrs at \$30/hr	=	\$ 720
	two assistants	24hrs at \$20/hr	=	\$ 960
Special Management:	one Vice President	2 days at \$500/day	=	<u>\$ 1,000</u>
Total Direct Labor				\$ 3,080

Overhead on Direct Labor (150%) = \$ 3,120

Materials (Estimated, based on actual experience runs +/- 3%) = \$47,500

Narration and Music = \$ 1,500

Travel

Three people	three days at \$150/day	=	\$ 1,350
Mileage-truck and office trailer	1,000 miles at \$1/mile	=	\$ 1,000

**Travel for Vice President charged to overhead.

Total Travel = **\$ 2,350**

G&A = \$10,350

Profit = \$12,000

Cleanup = **\$ 2,000**

Total Cost = **\$81,900**

Technical Proposal for July 4th Fireworks Display

Submitted By:

Vitale Fireworks Manufacturer Company

P.O. Box 3

New Castle, PA 22777

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation

2464 Carnation St, NW

Washington, DC 20400

Objective

Vitale is committed to providing its clients with a quality product. To that end, our design specialists are always looking for new and improved technologies. We feel that the program we have proposed will more than meet your requirements. Vitale will provide a continuous display lasting approximately 40 minutes. The program consists of 3,500 high bursting shells that will be visible from all vantage points for a radius of approximately five miles. Vitale's display will offer the variety and special effects that guarantee an effective and dramatic show.

Background and Qualifications

Vitale Fireworks Manufacturer Co. was established in 1978 and has been a leader in the industry ever since. Our portfolio includes performances for the opening of theme parks and supermarkets. Vitale has been contracted for the Fourth of July fireworks display at Caesar's Palace in Las Vegas, Nevada for the last nine years. Vitale also supplied the televised fireworks display for the Fourth of July re-dedication of the Statue of Liberty in New York, in 1984 and so has the experience necessary for putting together a nationally televised display.

Each of our senior operators has been with us for a minimum of ten years. The senior operators also act as quality control inspectors and in ten years have acquired an excellent track record of satisfied customers (a reference list is available upon request). Vitale also maintains a record of safety that sets standards for others in the industry.

Vitale's artistic flair will be evident when you view the enclosed video tape of past performances. Our design specialist team is headed by Gordon Vidal, known in the theater world as one of the foremost set and lighting designers. His artistic background adds the dramatic effect that our clients desire in fireworks displays.

Technical Approach

The management of Vitale Fireworks Manufacturing Co. is committed to an approach that stresses quality in every phase of a project. The number of shells we propose to use for the Fourth of July is a result of that quality approach. We base the number on the expectation that the audience should never find the program lacking in any way. Vitale will provide an exciting opening lasting approximately 7 minutes during which a series of high bursting pieces will definitely grab the attention of the audience. The middle section of the display is designed so that anticipation is building until the finale. The finale consists of approximately 12 minutes of continuous entertainment. We fully believe that our display will leave the audience wanting more.

Musical Program

You will find that the musical program proposed by Vitale is of excellent quality. Our design specialists spend a great deal of time researching suitable musical programs. The patriotic musical theme that we propose has been tested at previous events and has never failed to produce an emotional and exuberant response.

Staffing

Vitale proposes a firing staff of three assistants and two senior operators. We have found that the additional personnel is warranted in light of safety concerns. Our staff will require overnight lodging and has no exceptions to meeting the time schedule stated in the RFP.

Setup and Cleanup

Our qualified operators will be available for setup and assembly on the day of the event. Setup should be completed by 2:00 PM on that day. It is requested that the Government provide the contractor with a telephone hook-up. All other materials will be provided by Vitale. We have subcontracted with a local minority-owned company to perform the cleanup the following morning. The subcontracting plan is available for your review.

Cost Proposal for July 4th Fireworks Display

Submitted By:

Vitale Fireworks Manufacturer Company

P.O. Box 3

New Castle, PA 22777

Submitted To:

Forest Hill Federal Management Office

Headquarters, Office of Parks and Recreation

2464 Carnation St, NW

Washington, DC 20400

Cost Proposal for Fourth of July Fireworks Display
Firm-Fixed Price Contract

Direct Labor Costs

Program Design	Two senior level designers	8 hours @ \$30/hr	\$ 480
Firing Staff	Two senior level operators	24 hours @ \$25/hr	\$ 1,200
	Three assistants	24 hours @ \$20/hr	\$ 1,440
Inspection Staff	One inspector	3 hours @ \$ 30/hr	<u>\$ 90</u>
Total Direct Labor			\$ 3,210

Estimated Material Costs \$ 40,050

Musical Program \$ 3,000

Travel	Five people for one night	@ \$150/night	\$ 750
	Transportation		\$ 2,000

G & A \$13,290

Profit \$26,700

TOTAL COSTS \$89,000

Review Exercise 8-1

“Responsiveness.”

Call on group 1 and ask them to present their findings for proposal 1 - Burnett.

Ask the rest of the class if they agree or disagree with group 1. Why?

Call on group 2 to present their findings on proposal 2 - Elkton.

Ask the rest of the class if they agree or disagree. Why?

Continue until each group has had a chance to present and all proposals are discussed.

Lead the class in a discussion on Exercise 8-2. Ask the following questions:

- Can the Illinois Fireworks Company, Inc. still be considered for award? Why?
- Can the Ohio Fireworks Manufacturing Company be considered for award? Why?

8.1.5 Designate Proposal Reviewers.

Explain to the class that during the evaluation stage, specialists are available to you for advice.

Tell the class that depending on the complexity of the RFP they may want to select more than one specialist.

Spend approximately 5-10 minutes on this review.



Provide the class with a list of specialists they may want to use.

- Technical
- Legal
- Contract Pricing
- Packaging
- Audit
- Engineering Traffic Management
- Contract Administration
- Financial
- Quality Control

Inform the class that meetings with specialists will normally occur informally. They may even be as simple as a telephone call.

Remind the class that they can only provide information on a “**need-to-know**” basis.

Write the list of specialists on the chalkboard.

BREAK

TOPIC: INTRODUCTION TO REVIEWING TECHNICAL EVALUATIONS

Ref.: Chapter 8, Page 8-14 to 8-15



Objective: When you finish the introduction to this lesson, your students should be able to:

- Define the term technical evaluation.

Time: Tuesday 3:15 - 3:20

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 8-14	<p>Introduction to Reviewing Technical Evaluations.</p> <p><u>Explain</u> that after the proposals are submitted and have been received, recorded and safeguarded, they must be evaluated.</p> <p><u>Remind</u> the class that proposals are evaluated based on factors contained in the Source Selection Plan (SSP).</p>	
	<p>Define the Term “Technical Evaluation.”</p> <p>• Question:</p> <p>What is the definition of proposal evaluation?</p> <p>Answer: Proposal evaluation is an assessment of both the proposal and the offeror’s ability to successfully accomplish the prospective contract. An agency shall evaluate proposals solely on the factors specified in the RFP.</p>	

Tell the class that their job, as a Contract Specialist, is to review the conclusions of a technical evaluation. The evaluation must support the criteria in the RFP.

TOPIC: REVIEWING TECHNICAL EVALUATIONS

Ref.: Chapter 8, Pages 8-16 to 8-20


Objective: When you finish this lesson, your students should be able to:

- Instruct technical evaluators.
- Obtain and review the technical evaluation report.
- Brief the source selection evaluation board.
- Obtain technical rankings and supporting documentation for proposals.

Time: Tuesday 3:20 - 4:00

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 8-16	<p>8.2.1 Instruct Technical Evaluators.</p> <p><u>Explain</u> that a Contract Specialist must inform technical personnel, in writing, of their responsibility concerning evaluating proposals.</p> <p><u>Tell</u> the class that the evaluation of technical proposals must be conducted objectively and not be influenced by cost or non-technical factors.</p> <p><u>Explain</u> that the technical evaluators must review proposals independently of each other. The evaluation team then must arrive at a consensus for source recommendation.</p> <p>Show VG 8-2 “Checklist.”</p> <p><u>Discuss</u> the checklist on instructing technical evaluators with the class.</p>	



TR 8-17

8.2.2 Review Technical Evaluation Report.

Explain that the Contract Specialist must review the technical evaluation report and resolve any questions.

Tell the class that typical areas of inquiry may include.

- **Determination of acceptability.**
Review the report to ensure the evaluators compared proposals to the SSP and not to other proposals.
- **Major strengths or weaknesses.**
Examples of this includes offeror's understanding of the problem, innovative solutions and proposed tests.
- **Position on proposed resources.**
Ensure that the soundness of the technical approach is evaluated on the basis of feasibility and level of resources.
- **The need for factfinding or to amend the RFP.**

Explain to the class that the technical evaluation report plays an important role in setting the prenegotiation objectives and the agenda for discussions.



TR 8-19

Inform the class that discussions cannot be prejudicial to any offeror.

Identify 2 common errors that occur during discussions.

- Technical Leveling
- Technical Transfusion



• **Question:**

What is the definition of technical leveling?

Answer: Technical leveling is helping an offeror bring his proposal up to the level of other proposals. This occurs when you conduct repeated rounds of discussions resulting in an equalizing of all proposals.



• **Question:**

What is the definition of technical transfusion?

Answer: Technical transfusion is the disclosure, by the Government, of technical information from one proposal that results in improvement of a competing proposal.

Explain that they will learn more about prenegotiation objectives and discussions later in Chapter 13.



CE 8-3

Assign Exercise 8-2

“Technical Evaluation.”

Instruct the groups to read the technical evaluation report for the fireworks procurement and identify errors.

Assign each group a different proposal to work on.

Inform the groups that they have 20 minutes to complete this exercise.

Be sure to assign the proposals that will remain in the competitive range if there are less than 5 groups.

Walk around the room and interact with the groups. Answer any questions they may have about the exercise.

Exercise 8-2 Technical Evaluation

Review the following memorandum. Use your knowledge of the proposals and the Text Reference (page 8-17) to determine the accuracy of this review. Make notes on any errors.

Memorandum

To: Contract Specialist

From: Chairman, Technical Evaluation Committee

Subject: Technical Review, Fireworks Solicitation

Technical review of the subject, Fireworks Solicitation, has been completed by the five (5) appointed committee members. Discussions of this review were held in Washington, DC by Chris Lewis, Alex Thompson, Steve Miller, Sara Conners, and myself and mutual agreement of numerical ratings was reached. Enclosed is a brief summary of the evaluations for each proposer and a standardization of technical evaluation scores.

The consensus of numerical rankings of each proposer is as follows:

<u>Firm</u>	<u>Score</u>
Illinois Fireworks Co, Inc.	91
Elkton Sparkler Co, Inc.	66
Ohio Fireworks Manufacturing Co.	72
Vitale Fireworks Manufacturer Co.	79
Burnett Fireworks, Inc.	41

It is the consensus of the five (5) committee members that Elkton Sparkler Co, Inc., Ohio Fireworks Manufacturing Co., Vitale Fireworks Manufacturer Co. should be invited separately to a technical clarification session.

Below is a brief summary of the evaluations for each proposer in the order they were listed above.

Elkton Sparkler Co, Inc.

Elkton's proposal described a well rounded visual program. Elkton Sparkler Company is fairly new to the industry and experience is of concern. It is not known if Elkton has ever produced a program of this magnitude. The proposed finale was also not as effective as hoped for. Elkton's proposal complies with the specifications of the SOW for providing setup and cleanup.

Exercise 8-2

Technical Evaluation

Illinois Fireworks Co, Inc.

This proposal fails to address a number of specifications of the SOW. Although Illinois provides the required number of shells, they do not provide for a wide variety of shells. The video of the proposed program was less than impressive, lacking the variety and visual effects required. The provisions for cleanup are omitted entirely. Illinois has been in business for fourteen years, however their qualified operators have only satisfactory levels of experience.

***Instructor's answer:** The technical score of 91 given to the Illinois Fireworks Co., Inc. does not match the review of the proposal. This is an error that the students must identify. Tell the students that for future exercises, a more appropriate score of 51 will be used. This score would result from a meeting with the technical panel who would provide the revised score.*

Ohio Fireworks Manufacturing Co.

Ohio Fireworks provided a well organized and detailed proposal that reflects a solid understanding of the requirement. They propose a visually effective program and earned high marks for the finale. Ohio rated highly in professional experience with an impressive background in national programs. Ohio Fireworks has been a family owned business for twenty five years. They have provided a subcontracting plan for cleanup.

Vitale Fireworks Manufacturer Co.

Vitale's proposal demonstrates a clear understanding of the program objective. The number and distribution of shells meets the requirement. Vitale proposes a very attractive display and the musical program is highly rated. Vitale has qualified operators with ten years experience in the field. The offeror also has experience with televised displays. Vitale proposes to subcontract the cleanup and there are some deficiencies that must be resolved in this area. There are also concerns regarding Vitale's direct labor estimates.

Burnett Fireworks, Inc.

This proposal is well written and provides a detailed description of their program. Burnett has an impressive reputation in the industry and is known for their spectacular special effects. Burnett intends to use a relatively new "sparkler shell" for the July 4th program, however, the new type of shell is untested and is not guaranteed to perform as expected. Burnett clearly meets the specifications of the SOW for number and distribution of shells. The provisions for setup and cleanup are also satisfactory.

***Instructor's answer:** The technical score of 41 given to the Burnett Fireworks Inc. does not match the review of the proposal. This is an error that the students must identify. Tell students for the purpose of future exercises a score of 87 will be used. This score would result from a meeting with the technical panel who would provide the revised score.*

Review Exercise 8-2 “Technical Evaluation.”

Call on the first group to present their answers to this exercise.

Continue with a different group until all groups have presented their answers.

Create, with the class, a consensus for a scoring plan, and an indication of acceptability for each proposal on the major points from the SOW.

Lead the class in a discussion on Exercise 8-2 . Ask the following questions:

- If these errors are missed, what could the results be?
- What techniques can you employ in order to ensure all errors are found? (The following techniques can be used
1) Keep asking questions, 2) Look for obvious problems, 3) Play devil’s advocate.)

Identify some of the source selection committee’s responsibilities.

- Adhering to the evaluation factors.
- No contact with any offeror.
- Safeguard all information.
- Numerical weights are for ranking, not for determining acceptability.



TR 8-19

8.2.3 Brief Source Selection Evaluation Board.

Inform the class that if they're using formal source selection procedures, they must inform selection committees of their responsibilities.



TR 8-20

8.2.4 Obtain Technical Rankings of Proposals.

Identify the information contained in the technical evaluation report.

- Basis for evaluation.
- Analysis of proposal's strengths and weaknesses against each technical factor.
- A summary, matrix, or quantitative ranking of each proposal.
- Summary of findings.

Remind the class that proposals must not be rated against each other.

Tell the class that there will be a review tomorrow morning on Chapters 2, 3, 4, 5, 7 and 8. Tell them to reread their "Student Letter - Game Rules" in the Introduction of their Classroom Exercise books.

Assign tomorrow's reading - Chapters 9, 10, 11 and read the instructions for the review game in the Classroom Exercise Book.

End of Chapter 8 - Processing Proposals & Reviewing Technical Evaluations

End of Day 2

Lesson Plan

MID-WEEK REVIEW

TIME	TOPIC	OBJECTIVES
Wednesday 8:00 - 8:05	Introduction to Mid-Week Review	<ul style="list-style-type: none">• Identify how to play the review game.
Wednesday 8:05 - 8:35	Statement of Work	<ul style="list-style-type: none">• Critique Statements of Work (SOW) and related elements of the Purchase Request (PR).• Select provisions and clauses for the Request for Proposals (RFP) and assemble the RFP.
	Technical Evaluation & Source Selection Plan	<ul style="list-style-type: none">• Advise and assist Requiring Activity in formulating technical evaluation criteria.• Prepare a Source Selection Plan.
	Contract Types	<ul style="list-style-type: none">• Select, and when required, justify type of contract.
	GFP, Bonds, RFPs	<ul style="list-style-type: none">• Select provisions and clauses for the Request for Proposals (RFP) and assemble the RFP.
	Pre-Proposal Conferences & Amending/Canceling RFPs	<ul style="list-style-type: none">• Determine the need for and conduct a pre-proposal conference.• Determine whether to amend, cancel, or make no changes to the RFP.• Prepare amendments or cancel the RFP.
	Processing Proposals & Reviewing Technical Evaluations	<p>Determine timeliness, completeness and responsiveness of proposals.</p> <ul style="list-style-type: none">• Analyze technical evaluation reviews.

TOPIC: INTRODUCTION TO MID-WEEK REVIEW

Ref.:


Objective: When you finish the introduction to this review, your students should be able to:

- Identify how to play the review game.

Time: Wednesday 8:00 - 8:05

Method: Lecture

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 CE I-8	<p>Introduction to Review.</p> <p><u>Explain</u> to the class that this is a review of Chapter 2, 3, 4, 5, 7 and 8.</p> <p><u>Explain</u> that questions will be shown on view graphs and the groups will answer the questions in turn.</p> <p><u>Tell</u> the class that each group will compete with the other groups to win points.</p> <p><u>Explain</u> that points are awarded when a group answers a question correctly.</p> <p><u>Point</u> out that when a group answers incorrectly, they lose points, however, they may “pass” on a question they are unable to answer.</p> <p><u>Explain</u> to the class that there are 20 questions in this review.</p>	<p>Spend approximately 30 minutes on this review game.</p> <p>This number will accomodate 4 or 5 groups. Each group must be given the same number of questions to answer.</p>

Mid-Week Review

Tell the class that this is a closed book review and they may not use their text reference or other course materials.

Provide the class with the scoring.

- Correct Answer = 20 Points
- Incorrect Answer = -10 Points
- Correct Steal = 10 Points
- Incorrect Steal = -10 Points
- Groups can pass a question with no penalty.

Explain that points are lost for any incorrect answer even if the question was stolen.

Tell the class that the group with the most points at the end of the 30 minutes, wins the game.

Ask the groups for their group name. Explain that it may be the group name that they identified on Day 1 or a new name.

Tell the class that each question will be shown on a view graph. Explain that there is no specific order to the questions.

Explain that in some instances the instructor will make a judgment regarding what constitutes an acceptable correct answer.

Write the group names on the chalkboard. This will be used as the scoreboard.

Each question is on 1 view graph. You may want to shuffle the view graphs so there is no particular order.

TOPIC: STATEMENT OF WORK

Ref.: Chapter 2, Chapter 5



Objective: When you finish this review, your students should be able to:

- Critique Statements of Work (SOW) and related elements of the Purchase Request (PR).
- Select provisions and clauses for the Request for Proposals (RFP) and assemble the RFP.

Time: Wednesday 8:05 - 8:35

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 5-20	<p>Show VG R-2-1 “Question 2-1.”</p> <ul style="list-style-type: none"> • Question: <p>Name 4 examples of an inadequate Statement of Work (SOW).</p> <ul style="list-style-type: none"> • Answer: <ul style="list-style-type: none"> - Ambiguous or vague terms. - Unclear division of responsibilities between parties. - Restrictive or impractical requirements. - Omissions. - Too weak. - Wrong type of specifications. - Improper format. - Nonessential or obsolete requirements. 	<p>Remember to score the groups on the chalkboard.</p>
 TR 5-19	<p>Show VG R-2-2 “Question 2-2.”</p> <ul style="list-style-type: none"> • Question: <p>Name 3 methods of solicitation.</p>	<p>Remember to give each group equal opportunity to answer a question first (Question 1 goes to Group 1, Question 2 goes to Group 2, etc.).</p>

- **Answer:**

- Request for Quotations (RFQ)
- Oral Negotiations
- Letter RFP
- Formal RFP



TR 2-3

Show VG R-2-3 “Question 2-3.”

- **Question:**

What document is written by the Requiring Activity, reviewed by the Contract Specialist, and provides a clear understanding of what is being bought?

- **Answer:**

The Statement of Work (SOW).



TR 2-18

Show VG R-2-4 “Question 2-4.”

- **Question:**

Name 3 techniques for improving the Government’s description of need.

- **Answer:**

- Industry Panel
- Solicitation for Information or Planning Purposes
- Presolicitation Notice
- Presolicitation Conference

TOPIC: TECHNICAL EVALUATION & SOURCE SELECTION PLAN

Ref.: Chapter 3



Objective: When you finish this review, your students should be able to:

- Advise and assist Requiring Activity in formulating technical evaluation criteria.
- Prepare a Source Selection Plan.

Time: Wednesday 8:05 - 8:35

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 3-3	<p>Show VG R-3-1 “Question 3-1.”</p> <ul style="list-style-type: none">• Question: <p>What is the analysis of technical proposals against factors contained in the RFP called?</p> <ul style="list-style-type: none">• Answer: <p>The Technical Evaluation.</p>	
 TR 3-5	<p>Show VG R-3-2 “Question 3-2.”</p> <ul style="list-style-type: none">• Question: <p>What are the 2 standards that the Technical Evaluation factor must meet?</p> <ul style="list-style-type: none">• Answer: <p>Reliability and validity.</p>	



TR 3-24

Show VG R-3-3 “Question 3-3.”

- **Question:**

What is one purpose of the Source Selection Plan?

- **Answer:**

Describes the evaluation factors, weighting of factors, and the methodology to be used by evaluators in evaluating the proposals.

The instructor must determine what constitutes a correct answer.



TR 3-21

Show VG R-3-4 “Question 3-4.”

- **Question:**

Who is the person responsible for ensuring the documentation required to support source selection evaluation is accurate?

- **Answer:**

The Contract Specialist.

TOPIC: CONTRACT TYPES

Ref.: Chapter 4



Objective: When you finish this review, your students should be able to:

- Select, and when required, justify type of contract.

Time: Wednesday 8:05 - 8:35

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 4-7	<p>Show VG R-4-1 “Question 4-1.”</p> <ul style="list-style-type: none"> • Question: <p>What are the 2 basic categories of contract types?</p> <ul style="list-style-type: none"> • Answer: <p>Fixed-price and cost-reimbursement.</p>	
 TR 4-8	<p>Show VG R-4-2 “Question 4-2.”</p> <ul style="list-style-type: none"> • Question: <p>What contract is used when prices for labor and/or materials are unstable over the life of the contract?</p> <ul style="list-style-type: none"> • Answer: <p>A fixed-price contract with economic price adjustment.</p>	



TR 4-8
to 4-9

Show VG R-4-3“Question 4-3.”

- **Question:**

Name five types of contracts used in Contracting by Negotiation.

- **Answer:**

- Time & Materials (TM)
- Firm-Fixed Price (FFP)
- Firm-Fixed Price Incentive (FFPI)
- Fixed-Price Economic Price Adjustment (FPEPA)
- Fixed-Price Award Fee (FPAE)
- Fixed-Price Prospective Redeterminable (FPPR)
- Cost-Reimbursement (no fee)
- Cost-Plus Fixed Fee (CPFF)
- Cost-Plus Incentive Fee (CPIF)
- Cost-Plus Award Fee (CPAF)
- Cost or Cost Sharing (CS)

This list contains 11 types of contracts. The correct answer is to identify any 5 contract types on the list.

Do not accept a Method of Ordering as a contract type.



TR 5-19

Show VG R-5-1 “Question 5-1.”

- **Question:**

Name 2 methods you may use to solicit goods or services.

- **Answer:**

- Request For Quotations (RFQ)
- Oral Negotiations
- Letter RFP
- Formal RFP



TR 5-20

Show VG R-5-2 “Question 5-1.”

- **Question:**

What 4-part, 13-section format is used to guide the preparation of the Request for Proposal (RFP)?

- **Answer:**

The Uniform Contract Format (UCF).



TR 5-21
to 5-29

Show VG R-5-3 “Question 5-3.”

- **Question:**

Name 5 Sections in the Uniform Contract Format (UCF).

- **Answer:**

- A - Solicitation/Contract Form
- B - Supplies or Services and Prices/Costs
- C - Description/Specifications/Statement of Work
- D - Packaging and Marking
- E - Inspection and Acceptance
- F - Deliveries or Performance
- G - Contract Administration Data
- H - Special Contract Requirements
- I - Contract clauses
- J - List of Documents Exhibits, and other Attachments
- K - Representations, Certifications, and other Statements of Offerors
- L - Instructions, conditions, and Notices to Offerors
- M - Evaluation Factors for Award

Mid-Week Review

TOPIC: PRE-PROPOSAL CONFERENCES & AMENDING/CANCELING RFPs

Ref.: Chapter 7



Objective: When you finish this review, your students should be able to:

- Determine the need for and conduct a pre-proposal conference.
- Determine whether to amend, cancel, or make no changes to the RFP.
- Prepare amendments or cancel the RFP.

Time: Wednesday 8:05 - 8:35

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 7-3	<p>Show VG R-7-1 “Question 7-1.”</p> <ul style="list-style-type: none"> • Question: <p>What forum is used to explain or clarify complicated specifications or requirements in the RFP?</p> <ul style="list-style-type: none"> • Answer: <p>A pre-proposal conference.</p>	
 TR 7-7	<p>Show VG R-7-2 “Question 7-2.”</p> <ul style="list-style-type: none"> • Question: <p>What are three options facing the Contract Specialist at the conclusion of the prepro - posal conference with respect to the RFP?</p> <ul style="list-style-type: none"> • Answer: <p>Amend RFP, cancel RFP, or do nothing.</p>	

Mid-Week Review

TOPIC: PROCESSING PROPOSALS & REVIEWING TECHNICAL EVALUATIONS

Ref.: Chapter 8



Objective: When you finish this review, your students should be able to:

- Determine timeliness, completeness and responsiveness of proposals.
- Analyze technical evaluation reviews.

Time: Wednesday 8:05 - 8:35

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 8-5	<p>Show VG R-8-1 “Question 8-1.”</p> <ul style="list-style-type: none">• Question: <p>Name 3 tasks involved in processing a proposal?</p> <ul style="list-style-type: none">• Answer: <ul style="list-style-type: none">- Receive- Open- Record- Safeguard	
 TR 8-11	<p>Show VG R-8-2 “Question 8-2.”</p> <ul style="list-style-type: none">• Question: <p>What is the difference, regarding responsiveness, between negotiations and sealed bidding?</p>	

- **Answer:**

In negotiations, offerors have the opportunity to bring proposals in compliance before award.



TR 8-20

Show VG R-8-3 “Question 8-3.”

- **Question:**

What is the technical analysis of proposals based on?

- **Answer:**

Solely on RFP’s evaluation factors, never rated against each other.



TR 8-17

Show VG R-8-4 “Question 8-4.”

- **Question:**

What are 3 of the things to look for when reviewing the technical evaluation?

- **Answer:**

- A determination of acceptability.
- Major strengths or weaknesses.
- Position on proposed resources.
- The need for factfinding or to amend the RFP.

The instructor must determine what constitutes a correct answer.

End of Mid-Week Review

Lesson Plan

CHAPTER 9 - PRICE OBJECTIVES

[illegible]

TOPIC: INTRODUCTION TO PRICE OBJECTIVES

Ref.: Chapter 9, Pages 9-2 to 9-3


Objective: When you finish the introduction to the lesson, your students should be able to:

- Identify the purpose of price objectives.
- Define the term price analysis.

Time: Wednesday 8:35 - 8:40

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 9-3	<p>Introduction to Price Objectives.</p> <p><u>Explain</u> to the class that before issuing a solicitation, the Contract Specialist must develop an estimate of the proper price level or value of the products or services to be issued when it is feasible to do so.</p> <p><u>Tell</u> the class that this estimate is used to help set price objectives for:</p> <ul style="list-style-type: none"> • determining if proposals are fair and reasonable and/or • purposes of holding discussions. <p><u>Inform</u> the class that the price objective must be fair and reasonable.</p>	

Identify the Purpose of Price Objectives.



- **Question:**

What is the purpose of price objectives?

Answer: The price objectives serve as a guideline for fair and reasonable costs, budget, funds certification, and the need for current cost or pricing data for a product or service.

Explain that in order to establish price objectives, a price analysis needs to be completed.

Define the Term Price Analysis.



- **Question:**

What is the definition of price analysis?

Answer: The process of examining and evaluating a proposed price without evaluating its separate cost elements and proposed profit.

Explain that in price analysis you must compare evaluated prices to the following indicators:

- Competitive Offers
- Published Price Lists
- Prior Offers
- Government Estimates

Inform the class that the price objectives will be used during discussions.

TOPIC: PRENEGOTIATION POSITIONS

Ref.: Chapter 9, Pages 9-10 to 9-16


Objective: When you finish the lesson, your students should be able to:

- Develop prenegotiation positions on price

Time: Wednesday 8:40 - 9:40

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 9-10	<p>9.4 Develop Prenegotiation Position on Price.</p> <p><u>Describe</u> the 3 steps for developing a prenegotiation position on price.</p> <p><u>Step 1:</u> Identify relevant historical pricing data and data on market trends and prices.</p> <p><u>Explain</u> that the key to price analysis is market research.</p> <p><u>Step 2:</u> Select techniques for comparing prices.</p> <p><u>Identify</u> some methods for comparing price.</p> <ul style="list-style-type: none"> • Competition - if significant price competition exists you may assume a fair and reasonable price. • Historical Data - involves comparing a proposed price with historical quotes or contract prices for the same or a similar item. Don't assume that the historical price was fair and reasonable. 	<p>Tell the class that tasks covered in 9-5 to 9-9 in the TR are taught in Sealed Bidding, and involve determining the “evaluated” price of a proposal (see pg. 9-9 of TR).</p>

- **Rough Yardsticks** - compares the dollar amount to the value of a service or product. For example per pound, square foot, or labor-hour.
- **Published Price Lists** - uses a catalog or market price to establish a fair and reasonable price. This is based on substantial quantities sold to the commercial market.
- **Independent Government Estimate** - used to verify assumptions or identify potential discrepancies.

Identify and describe other techniques used to evaluate price.



- Visual Analysis
- Value Analysis
- Product Variation Adjustments
- Economic Ordering Quantities
- Ratio Analysis
- Trend Analysis
- Shelf Item vs. Special Production
- Learning Curve

Write this list on the chalkboard.

Step 3: Establish prenegotiation position on price.

Explain that conducting price analysis makes it possible to establish price objectives.



Point out that price objectives represent your desired **settlement or target position**.

Inform the class that they should set a minimum and maximum price position.



CE 9-2

Inform the class that they must find **defensible** points for each position using data from your research.

Remind the class to use a “what if” reasoning with each position.

Assign Exercise 9-1 “Prenegotiation Position on Price.”

Instruct the groups to develop a prenegotiation position on price for the fireworks procurement.

Explain that the Independent Government Estimate (IGE) is not provided here but would normally be available to a Contract Specialist.

Tell the class to use the market report and the 5 proposals to help complete this exercise.

Inform the groups that they have 15 minutes to complete this exercise.

Walk around the room and assist the groups as necessary. Answer any questions the groups may have about the exercise.

Exercise 9-1

Prenegotiation Position on Price

Using the Market Report from Exercise 2-1, page CE2-2, and the material in the Text Reference on page 9-10, and proposals for the fireworks procurement develop a rationale for the Prenegotiation Position on Price.

Instructor's answer: *There is no specific way the groups must organize their prenegotiation position on price. Each group must at least mention that this is a contract based on greatest value and that they are looking for the most dramatic and creative fireworks display possible within the budget. A reasonable prenegotiation position on price would be \$76,000-\$84,000. This is based on the Market Report and proposals received.*

*In addition, the class may want to delete Burnett Fireworks, Inc. because they are very expensive. Caution the class against doing this (**only do this if they bring it up first**) because they can eliminate Burnett if necessary when establishing the Competitive Range. Address any discussion of missing market prices for 1991. This may result in different maximum, minimum and target prices. If this occurs, make sure the groups defend their analysis.*

Review Exercise 9-1
“Prenegotiation Position on Price.”

Call on the first group to present their answer to the exercise.

Repeat until all groups have given their answers.

Lead the class in a discussion on Exercise 9-1. Ask the following questions:

- What is your minimum and maximum price position?
- How can a fair and reasonable price be determined for the fireworks procurement?

TOPIC: FACTFINDING, COST DATA, DISCUSSIONS

Ref.: Chapter 9, Pages 9-16 to 9-18

Objective: When you finish the lesson, your students should be able to:


- Determine the need for factfinding, cost data, or discussions.

Time: Wednesday 9:40 - 10:00

Break 10:00 - 10:15

Method: Lecture/Discussion/Class Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 9-16	<p>9.5 Determine Need for Discussions.</p> <p><u>Explain</u> that while conducting price analysis other issues must also be considered.</p> <p><u>Lead</u> the class in a discussion. Ask the following questions pertaining to the fireworks procurement:</p> <ul style="list-style-type: none"> - Is certified cost or pricing data necessary? <p><u>Inform</u> the class that certified cost or pricing data consists of facts which can be expected to be used for sound estimates or judgments on cost.</p> <p><u>Tell</u> the class that they will learn more about cost or pricing data in Chapter 10.</p> <ul style="list-style-type: none"> - Can the competitive range be established? 	<p>Spend approximately 5-10 minutes on this discussion.</p>

Tell the class that the **competitive range** is made up of those offerors who have a reasonable chance of being selected for an award.

Tell the class that they will learn more about the competitive range, in Chapter 12.

- Is it necessary to conduct a factfinding session?

Inform the class that **factfinding** is a meeting between the contractor and the Government. This meeting is used to clarify any inconsistent information received earlier.

- Can the contract be awarded without discussions?

Inform the class that **discussions** means oral or written communication between the Government and the contractor. Discussions are used to help determine a proposal's acceptability for award. They provide the offeror with an opportunity to modify or explain any errors.

Tell the class that they will learn more about factfinding and discussions in Chapter 12.

End of Chapter 9 - Price Objectives

BREAK

Lesson Plan

CHAPTER 10 - CERTIFICATES OF COST AND PRICING DATA & AUDITS

TIME	TOPIC	OBJECTIVES
Wednesday 10:15 - 10:20	Introduction to Certificates of Cost and Pricing Data	<ul style="list-style-type: none">• Define certified cost and pricing data.• Describe the importance and purpose of price related certificates.• Define the policy of current cost or pricing data.
Wednesday 10:20 - 11:00	Certificates of Cost and Pricing Data	<ul style="list-style-type: none">• Determine whether the offeror is exempt from the requirement to certify data.• Request and obtain data for cost or price analysis.• Identify inaccurate, incomplete, or non-current data and request new data.• Obtain a properly executed certificate of current cost or pricing data.• Determine whether to exempt the offerors from the requirement.• Establish the time period to be covered by the certificate.• Verify the certificate prior to agreements on price.
Wednesday 11:00 - 11:05	Introduction to Audits	<ul style="list-style-type: none">• Define field pricing support.• Identify the purpose of an audit.
Wednesday 11:05 - 12:00	Audits	<ul style="list-style-type: none">• Determine whether to request an audit.• Request the audit.• Assist auditors in obtaining data.• Review the report.
Wednesday 12:00 - 1:00	LUNCH	

TOPIC: INTRODUCTION TO CERTIFICATES OF COST AND PRICING DATA

Ref.: Chapter 10, Pages 10-2 to 10-4



Objective: When you finish the introduction to the lesson, your students should be able to:

- Define certified cost and pricing data.
- Define the policy of certificates of current cost or pricing data.

Time: Wednesday 10:15 - 10:20

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 10-3	Introduction to Certificates of Cost and Pricing Data.	
	Define Certified Cost and Pricing Data. <ul style="list-style-type: none"> • Question: What is certified cost and price data? Answer: Certified cost and pricing data are factual information which contribute to sound estimates of future costs and evaluation of costs already incurred. 	
	Define the Policy of Certification of Current Cost or Pricing Data. <p><u>Explain</u> that when certified cost or price data are required, the CO shall require the contractor to execute a certificate of current cost or pricing data.</p> <p><u>Tell</u> the class that the certificate states that the data submitted are accurate, current and complete as of the date of agreement on price.</p>	



- **Question:**

What does this information do for the Government?

Answer: Certified cost and pricing data prevent the Government from paying unreasonable prices and provide a legal obligation for data submission by the contractor.

TOPIC: CERTIFICATES OF COST AND PRICING DATA

Ref.: Chapter 10 , Pages 10-5 to 10-8




Objective: When you finish the lesson, your students should be able to:

- Determine whether the offeror is exempt.
- Request and obtain data for cost or price analysis.
- Identify inaccurate, incomplete, or non-current data and request new data.
- Obtain a properly executed Certificate of Current Cost or Pricing Data.
- Determine whether to exempt offerors from requirement.
- Establish the time period to be covered by the certificate.
- Verify the certificate prior to agreement on price.

Time: Wednesday 10:20 - 11:00

Method: Lecture/Discussion/Class Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 10-5	10.1.1 Determine Need for Certified C & P Data.	Remind the class that a determination of need for certified cost or pricing data was made in Lesson 2.
	Show VG 10-1 “Examples of Cost and Pricing Data.” <u>Give</u> examples to the class of cost and pricing data. <u>Ask</u> the students for other examples.	
	<u>Point</u> out to the class that cost or pricing data consists of 2 factors:	

- All facts that can be reasonably expected to make sound estimates of future costs.
- The evaluation of costs already incurred.

Ask the class for examples of cost or pricing data. Here are some examples:



- Historical Accounting Data
- Vendor Quotations
- Non-Recurring Costs
- Changes in Production or Procurement Volume
- Unit Cost Trends
- Make-or-Buy Decisions
- Other Management Decisions

Write the examples on the chalkboard.

Encourage the class to provide you with the examples that are different from the TR.



Certificates of Current Cost or Pricing Data.

Tell the class that the contractor must submit the Certificate of Current Cost or Pricing when requested, unless:



- Price is based on adequate price competition.
- Price is based on established catalog or market price of commercial items.
- Price is set by law or regulation.



Show VG 10-2 “Truth in Negotiations Act of 1962.”

Explain that the Truth in Negotiations Act requires contractors to submit certified cost and pricing data under certain circumstances.



TR 10-6



10.1.2 Determine if Exemption Allowed.

• Question:

What are the necessary conditions for an exemption from submission of cost or pricing data?

Answer: If the CO determines that prices are:

- Based on adequate price competition, or,
- Based on established catalog or market prices of commercial items sold in substantial quantities to the general public, or,
- Set by law or regulation, then the offeror can claim exemption.

Tell the class that a price is based on adequate price competition if it:

- Results directly from price competition or,
- Price analysis demonstrates that the proposed price is reasonable in comparison with current or recent prices for comparable items purchased under contracts resulting from competition.

Describe how to determine if prices are based on catalog or market prices or regulated prices.

Explain the first step in analyzing an offeror's claim for exemption.

Step 1: Determine if price is established catalog or market price.

- Is it a catalog price?
- Is it a market price?
- Is it based on catalog or market prices?



• **Question:**

What constitutes an established catalog or market price?

Answer: If price is:

- Regularly maintained by the seller as a catalog, price list, etc.
- Published or otherwise available for inspection by customers.
- For sales which are current or were last made to the general public.
- As a result of free bargaining between buyers and sellers.
- Verified from data independent of offeror.
- Item is sufficiently similar to catalog or market item, so that price difference can be identified without cost analysis.

Step 2: Determine if the item is a commercial item.

Explain that commercial items are supplies or services used for other than Government purposes and are sold regularly to the general public.

Step 3: Determine if item is sold in substantial quantities.

Step 4: Determine if item is sold to the general public.

Provide the class with examples for quantifying substantial sales to the general public.

Describe the provision for exemption based on regulated prices.

Work through formula on the chalkboard.



TR 10-10
to 10-11



CE 10-2

Assign Exercise 10-1 “Standard Form 1412.”

Instruct the class to review the information on the form and determine if the offeror is exempt.

Tell the class that they have 15 minutes to complete the exercise.

Walk around the groups and offer assistance if necessary.

Exercise 10-1 Standard Form 1412

Review the information on the Standard Form 1412, Claim for Exemption from Submission of Certified Cost or Pricing Data, and determine if the offeror is exempt. Make any necessary notations on this page. Use the formula found in the Text Reference, on pages 10-9 to 10-11.

Instructor's answer: *US Tank Inc. is NOT exempt from submitting Certified Cost or Pricing Data because this product has not been sold in substantial quantities to the public.*

The total Category B and C sales is less than 85% of the total of Category A, B, and C sales.

Formula:	$ \begin{array}{r} 91,000\text{- A Sales} \\ 45,000\text{- B Sales} \\ \hline 22,500\text{- C Sales} \\ 158,500 \text{ (total sales)} \end{array} $	$ \begin{array}{r} - \\ + \end{array} $	$ \begin{array}{r} 45,000\text{- B Sales} \\ \hline 22,500\text{- C Sales} \\ 67,500 \text{ (B + C)} \end{array} $	$ \begin{array}{r} \frac{67,500}{158,500} = 43\% < 85\% \end{array} $
----------	---	--	---	---

CLAIM FOR EXEMPTION FROM SUBMISSION OF CERTIFIED COST OR PRICING DATA			FORM APPROVED OBM NO. 3090-0116															
1. OFFEROR (Name, address, ZIP code) <p style="text-align: center;">US Tank Ink 33 Military Drive Detroit, MI 00004</p>	3. SOLICITATION NO. <p style="text-align: center;">55-1212-678</p>																	
2. DIVISION(S) AND LOCATION(S) WHERE WORK IS TO BE PERFORMED <p style="text-align: center;">Detroit, MI</p>		4. ITEM OF SUPPLIES AND/OR SERVICES TO BE FURNISHED <p style="text-align: center;">Pin Guide</p>																
5. QUANTITY <p style="text-align: center;">80,000</p>		6. TOTAL AMOUNT PROPOSED FOR ITEM <p style="text-align: center;">\$3,616,000.00</p>																
By submission of this form the offeror claims exemption from requirements for submitting certified cost or pricing data on the basis that the price offered is based on an established catalog or market price of a commercial item sold in substantial quantities to the general public or is a price set by law or regulation (see FAR 15.804-3). Complete Section I, II, or III below as applicable																		
SECTION I - CATALOG PRICE (See Instructions for items 7 thru 11 on reverse>)																		
7. CATALOG IDENTIFICATION AND DATE <p style="text-align: center;">Tank Parts Vol. I/Spring 1992</p>	8. SALES PERIOD COVERED <table style="width: 100%; border: none;"> <tr> <td style="border: none;">FROM Jan 1990</td> <td style="border: none;">TO Jan 1991</td> </tr> </table>		FROM Jan 1990	TO Jan 1991														
FROM Jan 1990	TO Jan 1991																	
9. CATEGORIES OF SALES <table style="width: 100%; border: none;"> <tr> <td style="border: none;">a. U.S., Government sales</td> <td style="border: none; text-align: center;">91,000</td> </tr> <tr> <td style="border: none;">b. Sales at catalog price to general public</td> <td style="border: none; text-align: center;">45,000</td> </tr> <tr> <td style="border: none;">c. Other sales to general public</td> <td style="border: none; text-align: center;">22,500</td> </tr> </table>	a. U.S., Government sales	91,000	b. Sales at catalog price to general public	45,000	c. Other sales to general public	22,500	TOTAL UNITS SOLD*	10. REMARKS										
a. U.S., Government sales	91,000																	
b. Sales at catalog price to general public	45,000																	
c. Other sales to general public	22,500																	
<i>*If your accounting system does not provide precise information, insert your best estimate and explain the basis for it in Item 10, REMARKS> Continue on a separate sheet, if necessary.</i>																		
11. LIST THREE SALES OF THE ITEM OFFERED																		
<table style="width: 100%; border: none;"> <tr> <th style="text-align: left; padding: 5px;">SALES CATEGORY</th> <th style="text-align: left; padding: 5px;">DATE</th> <th style="text-align: left; padding: 5px;">NO. OF UNITS SOLD</th> <th style="text-align: left; padding: 5px;">PRICE/UNIT</th> </tr> <tr> <td style="padding: 5px;">a. <input type="checkbox"/> B <input type="checkbox"/> C</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;">b. <input type="checkbox"/> B <input type="checkbox"/> C</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding: 5px;">c. <input type="checkbox"/> B <input type="checkbox"/> C</td> <td></td> <td></td> <td></td> </tr> </table>	SALES CATEGORY	DATE	NO. OF UNITS SOLD	PRICE/UNIT	a. <input type="checkbox"/> B <input type="checkbox"/> C				b. <input type="checkbox"/> B <input type="checkbox"/> C				c. <input type="checkbox"/> B <input type="checkbox"/> C					
SALES CATEGORY	DATE	NO. OF UNITS SOLD	PRICE/UNIT															
a. <input type="checkbox"/> B <input type="checkbox"/> C																		
b. <input type="checkbox"/> B <input type="checkbox"/> C																		
c. <input type="checkbox"/> B <input type="checkbox"/> C																		
SECTION II - MARKET PRICE (See Instructions for Item 12 on reverse)																		
12. SET FORTH THE SOURCE AND DATE OR PERIOD OF THE MARKET QUOTATION OR OTHER BASE FOR MARKET PRICE, THE BASE AMOUNT, AND APPLICABLE DISCOUNTS. <p>Previously set by competitive procurement, June 1990 US Tank Army Automotive Command</p>																		
SECTION III - LAW OR REGULATION (See instructions for Item 13 on reverse)																		
13. IDENTIFY THE LAW OR REGULATION ESTABLISHING THE PRICE OFFERED <p>None</p>																		
REPRESENTATION (See Instructions for Item 14 on reverse.)																		
The offeror represents that all statements made above and on attachments submitted are accurate and are submitted for the purpose of claiming exemption from requirements for submitting certified cost or pricing data. The offeror also represents that, except as stated in an attachment, a like claim for exemption involving the same or a substantially similar item has not been denied by a Government Contracting Officer within the last 2 years. Pending consideration of the proposal supported by this submission and, if this proposal or a modification of it is accepted by the Government, until the expiration of 3 years from the date of final payment under a contract resulting from this proposal, the Contracting Officer or any other authorized employee of the United States Government is granted access to books, records, documents, and other supporting data that will permit verification of the claim.																		
14. TYPED NAME, TITLE, AND FIRM <p style="text-align: center;">Beetle Bailey, VP of Marketing US Tank, Inc.</p>	15. SIGNATURE	16. DATE OF SUBMISSION <p style="text-align: center;">11/10/92</p>																
NSN 7540-01-142-0946 1412-101																		
STANDARD FORM 1412 (10-83) Prescribed by GSA FAR (48 CFR) 53.215-2(b)																		

Review Exercise 10-1 “Standard Form 1412.”

Ask one of the groups to give their answer to the exercise.

Lead the class in a discussion asking the following questions:

- Is the offeror exempt from submitting cost and price data?
- If not, why not?
- If the offeror is exempt, what would the Contract Specialist do to verify prices?



TR 10-
13

10.1.3 Obtain C & P Data.

Explain the procedures for notifying the offeror of the need to submit cost or pricing data.



• Question:

What must be done if the offeror refuses to provide or certify cost or pricing data?

Answer: If this data is required, a contract action cannot be completed without it. The pending award or price adjustment must be withheld and the matter referred to a higher authority. A decision may be made to negotiate with an alternate source.

Describe the circumstances under which a subcontractor is required (prior to price negotiations) to submit certified cost or pricing data.

1. If the prime contractor has to submit certified cost or pricing data and a subcontract estimate exceeds \$500,000, then the subcontractor must submit certified cost or pricing data to the prime Contractor (or higher tier subcontractor) for use by the prime contractor in preparing submission to the contracting officer.
2. If the prime contractor has to submit certified cost or pricing data and a subcontract estimate exceeds \$1,000,000 (or is more than \$500,000 and more than 10% of the prime contractor's proposed price), then the prime contractor must submit the subcontractor's certified cost or pricing data along with its proposal to the Contracting Officer.



TR 10-
15

10.1.4 Identify Defective Data.

Describe how to review cost or pricing data prior to award for accuracy.

Tell the class that the Government may be entitled to an adjustment of the negotiated price if certified cost or pricing data are found to be inaccurate, non-current or incomplete.

10.1.5 Obtain Certificate.

Explain to the class that cost or pricing data must be certified as of the date of final agreement on price.

Explain to the class that this course does not cover pages 10-17 and 10-18 of the TR-Certificates of Commercial Pricing Data (and there are no exam items on this topic).

TOPIC: INTRODUCTION TO OBTAINING AUDITS

Ref.: Chapter 10, Pages 10-19 to 10-20


Objective: When you finish the introduction to the lesson, your students should be able to:

- Define field pricing data.

Time: Wednesday 11:00 - 11:05

Method: Lecture/Discussion


Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 10-19	<p>Introduction to Obtaining an Audit.</p> <p>Define Field Pricing Data.</p> <p><u>Tell</u> the class that field pricing support means a review and evaluation of the contractor's proposal by any or all field pricing support personnel such as:</p> <ul style="list-style-type: none"> • Administrative Contracting Officers • Quality Assurance Representatives • Small Business Specialists • Legal Specialists • Contract Auditors • Price Analysts • Engineers <p><u>Explain</u> that field pricing data is intended to give a detailed analysis of the proposal for use during contract negotiations.</p> <p><u>Explain</u> that field pricing data is required for all proposals in excess of \$500,000 and whenever cost and pricing data is required.</p>	

TOPIC: AUDITS**Ref.:** Chapter 10, Pages 10-21 to 10-23**Objective:** When you finish the lesson, your students should be able to:

- Determine whether to request an audit.
- Request an audit.
- Assist auditors in obtaining data.
- Review the report.

Time: Wednesday 11:05 - 12:00**Lunch** 12:00 - 1:00**Method:** Lecture/Discussion/Class Exercise**Lesson Plan**

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 10-21	<p>10.2.1 Determine the Need for an Audit.</p> <p><u>Explain</u> that an audit should be requested:</p> <ul style="list-style-type: none"> • When field pricing support is not available or is exempted, and additional information is necessary to determine the reasonableness of proposed costs or prices, or • To review a request for exemption from need to submit certified cost or pricing data. • To verify that cost and pricing data is complete, accurate and current. 	



• **Question:**

When must you request an audit of a subcontractor?

Answer: When:

- Business relationship between the prime & subcontractor is not independent.
- Prime is sole source and subcontractor's portion of cost is substantial.
- Prime has been denied access to subcontractor's books.
- Contracting officer determines need.
- Price analysis alone is not sufficient to estimate a fair and reasonable price.



CE 10-4

Assign Case Study 10.2
“Auditing.”

Instruct the class to read the case studies and use the audit checklist on page CE 10-6 to determine in each case whether to order an audit.

Tell the students that they have 15 minutes to complete the exercise.

Walk around the room and answer any questions the students have.

Case Study 10-2

Auditing

Read the following 4 case studies using the Audit Checklist and determine, in each case, if an audit is required. Justify your answer.

1. Saul Bellow is negotiating a contract for a research project required by the Department of Transportation. DOT has commissioned a safety analysis of public transportation systems and has allocated \$500,000 for the project. Saul has received only one proposal in response to the RFP and therefore has no competitive information on which to base a "fair and reasonable" price analysis. In addition to its proposal, the DLS Company has provided a Certificate of Current Cost or Pricing Data. Saul realizes that he does not have the expertise to successfully analyze the pricing data. Should he request an audit?

Instructor's answer: Saul should request an audit because field pricing support is not available and he needs additional information to determine the reasonableness of the proposed costs. In addition, all contracts over \$500,000 should require an audit unless information is available to justify a "fair and reasonable" price determination.

2. John Updike must contract for landscaping services for the Department of the Interior. This is a rather extensive contract including landscaping and maintenance work on a number of Federal park lands. The RFP states that the contract will be awarded based on greatest value, and has specified criteria for the technical evaluation. After negotiations, it looks as if the contract will be awarded to the incumbent contractor, Angstrom Landscaping, Inc. John has requested a cost breakdown from Angstrom Landscaping and has decided to order an audit. Angstrom has provided a subcontracting plan that names a subsidiary, Tenderfoot Corporation, to supply the majority of the labor for this job. Should John also request an audit of the subcontractor?

Instructor's answer: John should request an audit because the relationship between the prime contractor and the subcontractor is not independent, and the subcontractor's portion of the price is substantial.

3. Anne Rice is reviewing a proposal for an \$80,000 purchase of scientific holograph equipment. The proposal has been submitted by Weird Science, Inc., a small business based in Monterey Beach, California. She is questioning the cost breakdown which quotes an overhead rate of 100% of direct labor and a General and Administrative rate of 10% of direct labor. Anne knows that Weird Science employs only two people and operates from a privately owned bungalow on the beach. These rates do not make sense. Should Anne request an audit?

Instructor's answer: Anne should **not** request an audit because the benefits would not outweigh the cost and time involved. Anne could probably clear up the confusion by discussing the proposal with the offeror. She may, however, seek advice from an auditor.

4. Leslie Nielson, Contract Specialist for the July 4th fireworks display held in Washington D.C., has received five different proposals ranging in price from \$79,000 to \$176,000. Based on your knowledge of the fireworks procurement, should Leslie request an audit of any of the offerors?

Instructor's answer: Leslie should **not** request an audit because the cost of the procurement is less than \$500,000. Leslie will be able to determine a fair and reasonable price due to the level of competition.

Review Case Study 10-2 “Auditing.”

Call on the first group to present their answer to the first case study.

Continue with a different group until all the case studies have been discussed.

Discuss each answer given and alternatives offered by the students.

Ask the following questions:

- When is it important to request an audit?
- When can information be obtained without an audit?
- What are the factors you should consider when deciding whether to request an audit?

Spend approximately 10 minutes reviewing the case studies.



TR 10-21

10.2.2 Request the Audit.

Discuss with the class the issues that must be addressed when requesting an audit.

- The extent of support needed.
- Specific areas for which input is required.
- Information needed to perform the review.
- Deadline for receipt of the audit report.



TR 10-22

10.2.3 Assist Auditors in Obtaining Data.

Describe the steps that should be taken when offerors are not willing to cooperate with an audit.



TR 10-23

10.2.4 Review the Report.

Describe how the audit report should be reviewed.

Identify the elements that the audit report must include.

- Findings in areas listed in CO's request.
- Offeror's basis & method for preparing proposal.
- Inventory of submission of cost or pricing data.
- Significant cost or pricing data not submitted.
- Incomplete, inaccurate, or non-current cost representations that are unsupported.
- Quantification of dollar effects of technical analysis findings.
- Assessment of offeror's estimating and accounting systems.
- Extent to which auditor has discussed discrepancies or mistakes in the proposal.

Explain the steps that must be taken in performing the review of the audit report.

- Extract relevant facts.
- Identify missing or insufficiently documented findings of fact.
- Identify any fallacies in the auditor's report.
- Identify inconsistencies between audit findings and other available data.

Emphasize that it is important to understand the audit report in order to complete the cost or pricing analysis.

End of Chapter 10 - Certificates of Cost and Pricing Data and Audits

LUNCH

Lesson Plan

CHAPTER 11 - COST ANALYSIS

TIME	TOPIC	OBJECTIVES
Wednesday 1:00 - 1:05	Introduction to Cost Analysis	<ul style="list-style-type: none">• Define cost analysis.• State the objectives of cost analysis.• Describe the policy and purpose of cost analysis.
Wednesday 1:05 - 1:40	Cost Analysis	<ul style="list-style-type: none">• Collect data and verify the adequacy of offeror's estimating systems.• Identify the offeror's contingencies and other planning assumptions.• Draft "should cost" positions on offeror's plans for performing work.
Wednesday 1:40 - 2:45	Prenegotiation Positions for Cost/Profit	<ul style="list-style-type: none">• Establish prenegotiation objectives for each element of cost.• Establish prenegotiation positions for profit/fee.• Establish prenegotiation positions on the total cost/price.• Establish prenegotiation positions on ceiling price.• Document rationale and factual support for prenegotiation positions.
Wednesday 2:45 - 3:00	BREAK	

TOPIC: INTRODUCTION TO COST ANALYSIS

Ref.: Chapter 11, Pages 11-2 to 11-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- Define cost analysis.
- State the objectives of cost analysis.
- Describe the policy and purpose of cost analysis.

Time: Wednesday 1:00 - 1:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 11-3	<p>Introduction to Cost Analysis.</p> <p>Tell the class that the Contract Specialist must be able to review and evaluate the separate elements of cost in an offeror's proposal.</p> <p>Define Cost Analysis.</p> <p>Explain that cost analysis is the review and evaluation of the separate cost elements and the proposed profit of an offeror's cost or pricing data.</p> <p>• Question:</p> <p>What are the objectives of cost analysis?</p> <p>Answer:</p> <ul style="list-style-type: none"> - Verification of data and evaluation of cost elements. - Evaluation of effect of offeror's current practices on future costs. - Comparison of proposed costs with historical costs or independent estimates. 	<p>Mention that this course provides an introduction only to cost and price analysis. An entire course on cost analysis is available.</p>

- Verification that proposed costs are in accordance with cost principles.
- Determination that data are accurate, complete, and current.

Describe the Policy Involved in Cost or Pricing Data.

Tell the class that the CO:

- Makes a cost analysis to evaluate the reasonableness of individual cost elements.
- Makes a price analysis to ensure that the overall price offered is fair and reasonable.

Explain the difference between cost analyses and price analyses.

TOPIC: COST ANALYSIS

Ref.: Chapter 11, Pages 11-5 to 11-7




Objective: When you finish the lesson, your students should be able to:

- Collect data and verify the adequacy of offeror's estimating systems.
- Identify the offeror's contingencies and other planning assumptions.
- Draft "should cost" positions on offeror's plans for performing work.

Time: Wednesday 1:05 - 1:40

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
	Show VG 11-1 "Types of Data to Perform Cost Analysis."	
	<p>Discuss the different types of data that may be needed to perform a cost analysis:</p> <ul style="list-style-type: none"> • Historical data. • Data from previous estimates. • Data provided by technical evaluators. • Forecasts or planned expenditures. <p>Ask the students to provide additional examples of data.</p>	
	Show VG 11-2 "Information in the Estimating System Survey." <p>Explain that an Estimating System Survey Report is used to verify that the contractor's proposals are based on adequate estimating systems.</p>	

11.2 Identify Offeror's Contingencies.

Define contract contingencies.

Tell the class that contingencies are both possible or probable events or risks of performance that should be provided for in the proposal.



TR 11-6

Direct the class to Exhibit 11-1 in the Text Reference and discuss common contingencies provided for in proposals.

COMMON CONTINGENCIES INCLUDED IN PROPOSALS

- Labor or material price escalation
- Shortages of labor or materials
- Problems in retooling to meet Government specifications
- Potential problems in testing new software
- Potential strikes
- Changes in overhead bases

Exhibit 11-1



CE 11-2

Assign Exercise 11-1 “Identify Contingencies.”

Instruct the groups to identify potential contingencies associated with the fireworks procurement.

Tell the class that they have 15 minutes to complete this exercise.

Walk around the room and interact with the groups. Answer any questions about the exercise.

Exercise 11-1

Identify Contingencies

Using the Statement of Work (SOW) on page CE 2-6, identify those areas in which you may expect to see contingency pricing in the proposals.

Instructor's answer:

- 1. Failure of the fireworks shells to perform as expected may make it necessary to provide for extra shells.*
- 2. Direct labor costs for setup of the fireworks display should be carefully evaluated as it may be an area where cost will be inflated.*
- 3. The plan (for cleanup) should be carefully evaluated for inflated costs.*
- 4. Inclement weather may cause the event to be rescheduled, imposing extra costs.*
- 5. Safety might be a risk of performance.*
- 6. Indirect or Overhead costs may be inflated for transportation or liability insurance.*

Instructor's note: *The contingencies listed here are suggestions only, the class may offer others. Discuss each response with the class.*

Review Exercise 11-1 “Identify Contingencies.”

Select a group and ask them to give their answers. Continue with a different group until the entire exercise has been discussed.

Lead the class in a discussion on the exercise. Ask the following questions:

- What do you think could happen if an important contingency wasn't identified?
- How can you protect a contract against these contingencies?

Point out to the class that knowledge of the facts surrounding the procurement is the best way to estimate an accurate cost.



TR 11-7

11.3 Draft “Should Cost” Position.



• Question:

What is a “should cost” analysis?

Answer: A specialized form of cost analysis used primarily on major contracts.

Describe the process of a “should cost” analysis.

- Identify uneconomic or inefficient practices.
- Qualify their impact on cost.
- Develop realistic price objectives.

Tell the class that a “should cost” analysis evaluates and challenges a contractor's management and operating systems.



Explain the factors that are important in selecting a proposal for “should cost” analysis.

- Lack of adequate price competition.
- Sufficient time for analysis.
- Procurement of significant dollar value.
- Availability of personnel with special skills.
- Tasks sufficiently well-known and defined.

Write the factors on the chalkboard.

TOPIC: PRENEGOTIATION POSITIONS FOR COST/PROFIT

Ref.: Chapter 11, Pages 11-7 to 11-25

Objective: When you finish the lesson, your students should be able to:


- Establish prenegotiation objectives for each element of cost.
- Establish prenegotiation positions for profit or fee.
- Establish prenegotiation positions on ceiling prices or parameters for adjusting price or fee.
- Document rationale and factual support for prenegotiation positions.

Time: Wednesday 1:40 - 2:45

Break 2:45 - 3:00

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 11-7	<h3 style="margin: 0;">11.4 Establish Prenegotiation Objectives.</h3> <p><u>Tell</u> the class that prenegotiation positions are established for cost/profit before negotiations to ensure that the Government pays a reasonable cost, including profit for goods and services.</p> <p><u>Explain</u> that total cost (which excludes profit or fee) is the sum of the allowable:</p> <ul style="list-style-type: none"> • direct costs, • indirect costs, and • costs of money that are allocable to the contract. <p><u>Describe</u> how to establish a prenegotiation objective for each element of cost.</p>	



Discuss the factors used:

- Reasonableness
- Allocability
- Accounting Standards
- Cost Principles
- Terms of the Solicitation

Write the factors on the chalkboard.



Show VG 11-3 “Elements of Cost - Direct Material.”

Explain that direct material may include:

- Raw Materials
- Standard Commercial Items
- Purchased Parts
- Inter Divisional Transfers
- Subcontracted Items

Describe what is necessary to analyze direct material costs:

- What is included?
- How it is estimated?

Ask the class for examples of questions that may be asked in analyzing direct material costs.



TR 11-10

Instruct the class to look at Exhibit 11-2 in the Text Reference.

PART NO.	NOMENCLATURE	QUANTITY PER END ITEM*	SCRAP FACTOR	TOTAL QTY	UNIT PRICE	TOTAL PRICE
987	Housing Casting (Vendor: PIC Co. PO # 361622. 20 Dec 87 lowest of three bids)	1 each	4.6%	471	\$84.75	\$39,917.26
988	Bearing, X-Design (Vendor: SurCo inc. PO # 36166. 20 Dec 87 only qualified source cost analysis completed.)	2 each	4.5%	941	\$14.89	\$14,011.49
989	Gear. 14-Tooth (Vendor: Beecher Co. lowest of all four bids REF: bid file #8443)	4 each	7.86%	1942	\$6.27	\$12,176.34
990-1	Gear Link Chain 12-Guage, Interlock	1 each	1.0%	455	\$22.46	\$10,219.30

* 450 end items are required for each Part No.

Exhibit 11-2

Describe a typical bill of materials.

Lead the class through the example given for checking the bill of materials for information.



Show VG 11-4 “Elements of Cost - Material Overhead.”

Define material overhead and give examples:

- Transportation
- Storage Costs
- Receiving and Inspection Costs
- Purchasing Expenses
- Issuing Production Costs

Discuss the 3 methods contractors use to recover these costs.

- Direct Charge
- Overhead Charge
- Manufacturing Overhead



Show VG 11-5 “Elements of Cost - Direct Labor.”

Tell the class that 2 factors are used in evaluating direct labor costs.

- Number of hours to be worked.
- Wages to be paid.

Describe the methods of reviewing hours proposed to determine if the estimate of hours is reasonable.

- Historical Data
- Learning Curves
- Standard Time Studies
- Methods – Time Studies

Describe the factors used to determine the reasonableness of wage rates.

- Variation with geographical location.
- Variation in skills.
- Time period of the contract.
- Conditions in the contractor's work force.

Discuss how each of these factors affects a reasonable wage rate.



VG 11-6 “Elements of Cost - Other Direct Costs.”

Define and give examples of other direct costs.

- Special Insurance
- Start Up Costs
- Training Expenses
- Travel Expenses
- Transportation
- Packaging and Packing
- Printing and Copying
- Postage Shipping
- Computer Use Charges

Explain that these costs are sometimes considered indirect costs.

Describe how to verify other direct costs and assess their reasonableness.

Tell the class that you must question the need for special treatment of these costs and verify that they are not also included in the indirect expense pool.



Show VG 11-7 “Elements of Cost - Indirect Costs.”

Tell the class that indirect costs are support costs that cannot be identified within a specific contract.

Explain that the goal of overhead allocation is to ensure that indirect costs are “equitably distributed” to all contracts.

Define the common categories of indirect costs.

- Manufacturing Overhead
- Engineering Overhead
- Material Overhead
- General and Administrative Expenses

Describe how the contractor allocates indirect costs.



TR 11-18
to 11-19

Lead the class through the example in the Text Reference for computing overhead rates.



CE 11-3

Assign Exercise 11-2 “Elements of Cost.”

Instruct the groups to read the situations in the exercise and determine if the cost is allowable or allocable.

Tell the class that they have 15 minutes to complete this exercise.

Walk around the room and help the groups as needed. Answer any questions they may have about the exercise.

Exercise 11-2 Elements of Cost

Read the following 3 case studies and determine whether or not the proposed cost is allowable and allocable for the fireworks procurement. Justify your answer.

1. Vitale Fireworks Manufacturer Co. submits a proposal for the July 4th fireworks display. Included under direct labor costs is compensation for three persons to assist the two qualified operators. It is proposed that the third assistant will be making a video tape of the production for marketing purposes. Is this an allocable direct cost?

Instructor's answer: No. Normally marketing should be included in indirect rather than direct costs. This cost is not allocable to this contract as a direct cost.

2. Elkton Sparkler Co, Inc. has estimated \$7,680 in direct costs for transportation, storage at the launch site, and receiving and inspection expenses for the fireworks. Are these allowable costs?

Instructor's answer: Yes. Transportation, storage and receiving and inspection are allowable and may be considered direct material costs .

3. Ohio Fireworks Manufacturing Company has set aside \$2,000 of direct labor costs for the company's Vice President of Marketing and Finance to travel to Washington D.C. and observe the fireworks display. Is this an allocable cost?

Instructor's answer: No. The Vice President's labor costs would be more appropriately included under the General and Administrative pool and would not be allowed as a direct charge.

Review Exercise 11-2 “Elements of Cost.”

Select a group and ask them to present their answers to the first case study. Continue with a different group until the entire exercise has been discussed.

Lead the class in a discussion on the exercise. Ask the following questions:

- How must you assess the allowability of elements of cost?
- How must you assess the allocability of elements of cost?

Tell the students this is only an introduction. They may take a specific Cost Analysis Course later if they want.



CE 11-4

Assign Exercise 11-3 “Cost Analysis.”

Tell the class that they are to assume that the proposal of Burnett Fireworks, Inc. is the only proposal received in response to the fireworks RFP.

Tell the groups to turn to page CE 11-4 in the Classroom Exercise Book and answer the preliminary question in preparation for cost analysis.

Instruct the groups to perform a cost analysis using the Burnett proposal, the Independent Government Cost Estimate, and the Audit Summary provided.

Ask the groups to summarize their cost analysis rationale in paragraph form.

Tell the class that they have 40 minutes to complete this exercise.

Although well under \$500,000, tell the class to assume that the Contracting Officer felt that the circumstances warranted use of an audit.

Walk around the room and assist the groups as necessary.

Answer any questions the students may have.

Exercise 11-3 Cost Analysis

Part I

For the purpose of this Exercise, let's assume that the only proposal received in response to the Fourth of July fireworks RFP was that of Burnett Fireworks, Inc. Use the Burnett Fireworks, Inc. proposal and the Independent Government Estimate provided. The Contract Specialist will request an audit of Burnett Fireworks, Inc. What areas of cost will the Contract Specialist instruct the auditor to research?

Part II

After answering this, turn to the Audit Report Summary and perform a price analysis for the fireworks procurement.

Instructor's answer: The auditor must question the rates for direct labor, material costs, overhead, and the profit figures quoted in Burnett's proposal. This is the minimum that the auditor must do. The class may have other suggestions as well. Discuss each answer provided by the class.

Exercise 11-3 (Cont.)
Cost Analysis
Independent Government Cost Estimate

Direct Labor

Design:	20 hours @ \$30/hr.	\$ 600
Firing Team:		
Supervisor	24 hours @ \$40/hr.	\$ 960
Two assistants	24 hours @ \$20/hr.	\$ 960

Total Direct Labor: **\$ 2,520**

Overhead on Direct Labor: \$ 2,520

Material: \$54,560

Travel: three people for three nights @ \$100/night \$ 900

G&A: \$ 7,000

Profit: \$ 7,500

Total Price: **\$75,000**

Exercise 11-3 (Cont.)

Cost Analysis

Audit Summary

The first area of cost the auditor will question will be labor costs. Has the contractor proposed an average cost and subsequently assigned lower paid personnel? In a firm fixed price contract, the Government would pay too high of a labor price under this arrangement.

The auditor inspected Burnett's payroll records to determine that the hourly rates quoted are actually the rates being paid. The audit report states that the firing team assistants are actually paid ten percent less than the rate proposed.

Are the proposed material cost based on actual quotes from outside suppliers, or general experience? The auditor must question the contractor's estimate. Those costs are significantly higher than the Government Cost Estimate. The auditor reports that Burnett manufactures ninety percent of the shells being used. Burnett is quoting the same material cost that would be charged to an outside purchaser. This is, in effect, allowing Burnett two profits.

The auditor also discovered that Burnett's overhead costs are actually eight percent less than proposed, due to increased business for the year.

Perform a cost analysis based on the Government Independent Cost Estimate, Burnett's proposal, and the Audit Report summary provided. Discuss the questionable areas of cost and develop a plan for questioning the contractor on those costs.

Instructor's answer:

Cost analysis should determine if the material costs are reasonable.

- The fact that Burnett is profiting twice on materials is a talking point for negotiations, however it is a legal cost. The contractor may be willing to alter the profit margin to include everything except materials where there already is a profit.*
- Is the "Sparkler Shell 2000" in Burnett's proposal that much more expensive? Is the Government cost estimate reasonable, or was the technical expert using outdated prices in the estimate?*
- The Contract Specialist should question the difference in hours allotted for the design effort. This is something they do all the time, why will it take so much time for the design development?*
- Are four people really necessary for the firing team?*
- Why is there such a difference in the overhead rate for direct labor?*
- Cost analysis should also question the travel costs and what they are based on. The contractor will usually be able to justify labor and material costs.*
- The cost analysis must question G&A costs. According to the audit, the proposed indirect costs are not actually what the contractor is experiencing. The contractor may or may not agree with the auditor concerning indirect costs.*
- Finally, is the proposed profit normal for the industry?*

Review Exercise 11-3 “Cost Analysis.”

Call on each group to present their cost analysis.

Discuss each group’s answers and give feedback.

Lead the class in a discussion on the Cost Analysis Exercise. Ask the following questions:

- Where are the major discrepancies between Burnett’s proposal and the Independent Government Cost Estimate?
 - Labor
 - Material
 - G&A
 - Profit
- What could be the reasons for the discrepancies?
- What questions will you ask of Burnett during negotiations?
- What will the Government’s positions be on these costs?
- Do you think you need to perform a price analysis as well as a cost analysis for the Burnett proposal?



TR 11-20

11.5 Establish Prenegotiation Objectives on Profit.

Describe the roles of profit in the Government’s point of view.

- Induce a company to undertake performance of a contract by offering prospects of monetary reward.

- Persuade the company to perform more effectively under the contract by affording it the opportunity to earn more profit.

Explain to the class that the prenegotiation positions for fee or profit must be established for all contracts requiring cost analysis.

Discuss the different approaches agencies use in developing prenegotiation positions for fee or profit.

- Weighted Guidelines Method
- Agency Specific Approach



Show VG 11-8 “Structured Approach.”

Describe the factors used when developing a structured approach.

- Contractor Effort
- Contract Cost Risk
- Federal Socioeconomic Programs
- Capital Investments
- Cost-Control
- Past Accomplishments
- Independent Development



TR 11-21

Direct the students to Exhibit 11-4 in the Text Reference and discuss the statutory limitations on price or fee.

FEE LIMITATIONS**FAR 15.903(d)**

The statutory limitations on price or fee are:

1. Not more than fifteen percent (15%) of the estimated cost of a cost-plus-fixed-fee contract, excluding the fee, for experimental, developmental or research work.
2. For architect-engineering services for public works or utilities, the contract price for production and delivery of designs, plans, drawings and specifications cannot exceed six percent (6%) of the estimated cost of construction of the public work or utility, excluding fee; and,
3. Not more than ten percent (10%) of the estimated cost, excluding fee, for cost-plus-fixed-fee contracts.

Limitations 1 and 3 also apply to the maximum fees on cost-plus-incentive-fee (CPIF) and cost-plus-award-fee (CPAF) contracts. However, the agency head or designee may waive those limitations for a specific CPIF or CPAF contract.

Exhibit 11-4



TR 11-21

11.6 Establish a Prenegotiation Position on the Total Price.

Tell the class that a price analysis must be done in addition to cost analysis to get a complete assessment.



TR 11-22

11.7 Establish Prenegotiation Positions on Ceiling Prices.

Explain that additional analysis may be needed for contracts other than firm-fixed price.

Describe how to identify objectives for these additional contractual elements.

- Ceiling Price
- Minimum Fee
- Maximum Fee
- Target Cost
- Target Fee/Profit
- Base Fee
- Award Fee
- Share Ratio



TR 11-25

11.8 Document Rationale for Prenegotiation Positions.



• Question:

What issues must be addressed when documenting the prenegotiation objectives?

Answer:

- Pertinent Negotiation Issues
- Cost Objectives
- Profit or Fee Objective

End of Chapter 11 - Cost Analysis

BREAK

Lesson Plan

CHAPTER 12 - COMPETITIVE RANGE, FACTFINDING, NEGOTIATION STRATEGY

TIME	TOPIC	OBJECTIVES
Wednesday 3:00 - 3:05	Introduction to the Competitive Range	<ul style="list-style-type: none">• State the purpose of the competitive range determination.• Describe the policy involved in the competitive range determination.
Wednesday 3:05 - 4:00	Competitive Range	<ul style="list-style-type: none">• Determine whether to award without discussions.• Establish the initial competitive range.• Notify appropriate offerors of decision not to consider their proposals further.
Thursday 8:00 - 8:05	Introduction to Factfinding	<ul style="list-style-type: none">• State the objective of factfinding.• Describe the process of factfinding.
Thursday 8:05 - 8:30	Factfinding	<ul style="list-style-type: none">• Identify data needed from the offeror to complete analysis.• Determine method of factfinding.• Prepare for factfinding.• Conduct factfinding session.
Thursday 8:30 - 8:35	Introduction to Negotiation Strategy	<ul style="list-style-type: none">• Describe the purpose of developing a negotiation strategy.• Describe the steps in planning a negotiation strategy.
Thursday 8:35 - 10:00	Negotiation Strategy	<ul style="list-style-type: none">• Review prenegotiation objectives.• Research offerors probable strategies and tactics.• Prepare a prenegotiation plan.• Prepare a negotiation agenda.
Thursday 10:00 - 10:15	BREAK	

TOPIC: INTRODUCTION TO THE COMPETITIVE RANGE

Ref.: Chapter 12, Pages 12-2 to 12-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- State the purpose of the competitive range determination.
- Describe the policy involved in the competitive range determination.

Time: Wednesday 3:00 - 3:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-3	<p>Introduction to the Competitive Range.</p> <p><u>Inform</u> the class that the competitive range is established to eliminate proposals that do not have a reasonable chance of selection.</p> <p>State the Purpose of the Competitive Range Determination.</p> <p><u>Tell</u> the class that the competitive range saves time and money for the Government and industry.</p> <p><u>Explain</u> that the competitive range is determined before conducting discussions.</p>	



Describe the Policy of the Competitive Range Determination.

Tell the class that the competitive range determination is based on cost or price analysis and other specifications of the solicitation and includes the technical evaluation.

TOPIC: COMPETITIVE RANGE**Ref.:** Chapter 12, Pages 12-5 to 12-8**Objective:** When you finish the lesson, your students should be able to:

- Determine whether to award without discussions.
- Establish the initial competitive range.
- Notify appropriate offerors of decision not to consider their proposals further.

Time: Wednesday 3:05 - 4:00**Method:** Lecture/Discussion/Group Exercise**Lesson Plan**

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-5	12.1.1 Determine Whether to Award Without Discussions.	
	• Question: When is it appropriate to award without discussions?	
	Answer: Award on initial proposals can be made when the <u>lowest</u> priced responsive proposal: <ul style="list-style-type: none"> - Offers a price that is fixed by law or regulation. - Provides a fair and reasonable price on the set-aside portion of a partial set-aside. - Is priced at or near the Government's most optimistic prenegotiation position on price. - The solicitation informs the offerors of the need to submit their best proposals. 	
	Explain that the Contract Award clause must be included in the RFP to award without discussions.	Remind the class that award on initial proposals is not allowed unless the solicitation informs offerors to submit their best proposal initially.



• **Question**

When must you enter into discussions?

Answer:

- When there is uncertainty as to the pricing or technical aspects of proposals.
- When the competition persuades you that award on initial proposals may not result in the best value to the Government.

Emphasize the fact that offerors must be treated equally, that if discussions are held with one offeror they must be held with all offerors in the competitive range.

Caution the class that simple communication might be considered discussions.



TR 12-6

12.1.2 Establish the Competitive Range.

Describe how the competitive range is established.

Tell the class that proposals are compared with each other and with the Government's requirements.



• **Question:**

Why can a proposal be excluded from the competitive range?

Answer: A proposal can be excluded from the competitive range if its technical score is far lower than the Government's requirements, its price is higher than that of other offerors and the proposal has no real chance of being selected for award.

Caution the class that they may not arbitrarily establish a score below which proposals are not included.



Show VG 12-1 “Steps in Establishing the Competitive Range.”

Describe the 3 steps in establishing the competitive range.

Step 1: Identify offers which are outside the technical range.

Step 2: Identify offers whose evaluated prices are outside the price range.

Step 3: Exclude offers that rank far behind others when selected on the basis of greatest value.

Describe what must be considered regarding a borderline offer.

- Offeror’s previous track record.
- Degree outside the range.
- Number of offers.
- Number of offers remaining in the range.
- Nature of technical deficiencies.
- Results of first round of negotiations.
- Possibility of significant cost savings.

Tell the class that when there is any doubt about whether a proposal should be included in the competitive range, that proposal should be included.



Write the factors on the chalkboard.

Ask the class to relate any experiences they may have had in including or excluding offers in the competitive range.



CE 12-2

Assign Group Exercise 12-1 **“Establish Competitive Range.”**

Instruct the groups to establish a competitive range for the fireworks procurement.

Inform the students that they have 15 minutes to complete the exercise.

Make yourself available to the students during the exercise, answer questions and give assistance as necessary.

Exercise 12-1 Establish Competitive Range

Read the following Government proposal summaries and establish a competitive range for the fireworks procurement.

Extent of Competition: The solicitation was advertised in the *Commerce Business Daily* on January 15. The package was sent to eighteen potential contractors on March 1. Five proposals were received.

Illinois Fireworks Co., Inc.

This proposal fails to address a number of specifications of the SOW. Although Illinois provides the required number of shells, they do not provide for a wide variety of shells. The video of the proposed program was less than impressive, lacking the variety and visual effects required. The provisions for cleanup are omitted entirely. Illinois has been in business for fourteen years, however their qualified operators have only satisfactory levels of experience. Illinois' proposed cost is \$79,000. They received the following technical ratings:

Quality - 19

Creativity - 22

Qualifications - 10

Vitale Fireworks Manufacturer Co.

Vitale's proposal demonstrates a clear understanding of the program objective. The number and distribution of shells meets the requirement. Vitale proposes a very attractive display and the musical program is highly rated. Vitale has qualified operators with ten years experience in the field. The offeror also has experience with televised displays. Vitale proposes to subcontract the cleanup and there are some deficiencies that must be resolved in this area. There are also concerns regarding Vitale's direct labor estimates. Vitale's proposed cost is \$89,000. They received the following technical ratings:

Quality - 26

Creativity - 37

Qualifications - 16

Burnett Fireworks, Inc.

This proposal is well written and provides a detailed description of their program. Burnett has an impressive reputation in the industry and is known for their spectacular special effects. Burnett intends to use a relatively new "sparkler shell" for the July 4th program; however, the new type of shell is untested and is not guaranteed to perform as expected. Burnett clearly meets the specifications of the SOW for number and distribution of shells. The provisions for setup and cleanup are also satisfactory. Burnett's proposed cost is \$176,000. They received the following technical ratings:

Quality - 28

Creativity - 43

Qualifications - 16

Exercise 12-1

Establish Competitive Range

Elkton Sparkler Co. Inc.

Elkton's proposal described a well rounded visual program. Elkton Sparkler Company is fairly new to the industry and experience is of concern. It is not known if Elkton has ever produced a program of this magnitude. The proposed finale was also not as effective as hoped for. Elkton's proposal complies with the specifications of the SOW for providing setup and cleanup. Their proposed cost is \$86,000. They received the following technical ratings:

Quality - 24

Creativity - 34

Qualifications - 8

Ohio Fireworks Manufacturing Company

Ohio Fireworks provided a well organized and detailed proposal that reflects a solid understanding of the requirement. They propose a visually effective program and earned high marks for the finale. Ohio rated highly in professional experience with an impressive background in national programs. Ohio Fireworks has been a family owned business for eighty-two years. They have provided a subcontracting plan for cleanup. Ohio's proposed cost is \$81,900. They received the following technical ratings:

Quality - 21

Creativity - 34

Qualifications - 17

Instructor's answer: Discussion following this exercise should address all options proposed by the students. For the purpose of further exercises, Burnett Fireworks, Inc. should be eliminated on the basis of unreasonable price. Illinois Fireworks Co., Inc. should be eliminated because their proposal is technically unacceptable.

Review Exercise 12-1 “Establish Competitive Range.”

Ask each group for their determination of the competitive range.

Ask the class to respond to each group’s answers.

Discuss the answers given to the competitive range determination.

Lead the class in a discussion on Exercise 12-1. Ask the following questions of each group:

- Why did you include the offerors you chose in the competitive range?
- Why did you exclude the offerors you chose to exclude?

Explain to the class that although other determinations may have been reasonable, for the purpose of further exercises, Burnett Fireworks, Inc. and Illinois Fireworks, Co. will be eliminated from the competitive range.

Tell the class that the rationale for this determination is that Burnett is unreasonably priced and Illinois is technically unacceptable.



TR 12-8

12.1.3 Notify Offerors Outside the Competitive Range.

Explain that offerors outside of the competitive range must be notified in writing. The notice must include the basis for exclusion and advise the offeror that revision of the proposal will not be considered.

Assign tomorrow's reading - Chapters 12, 13, and 15.

End of Day 3

TOPIC: INTRODUCTION TO FACTFINDING

Ref.: Chapter 12, Pages 12-9 to 12-10


Objective: When you finish the introduction to the lesson, your students should be able to:

- State the objective of factfinding.
- Describe the process of factfinding.

Time: Thursday 8:00 - 8:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-9	<p>Introduction to Factfinding.</p> <p><u>Explain</u> that factfinding is conducted in order to clarify negotiation positions.</p> <p><u>Tell</u> the class that the focus of factfinding is:</p> <ul style="list-style-type: none"> • Obtaining needed information. • Clearing up misunderstandings or erroneous assumptions that could impede negotiations. <p>State the Objective of Factfinding.</p> <p><u>Explain</u> that the purpose of factfinding is to determine the factual basis and estimating assumptions used by the offeror in formulating the proposal.</p>	




Discuss some of the actions that occur during factfinding.

- Obtain answers to questions regarding cost/price analysis.
- Test realism of negotiation objectives.
- Check inconsistencies in cost information.
- Clarify labor rates, material lists, and overhead.
- Probe for rationale behind offeror's estimating.
- Determine the range of each side's negotiation positions.

TOPIC: FACTFINDING**Ref.:** Chapter 12, Pages 12-11 to 12-13**Objective:** When you finish the lesson, your students should be able to:

- Identify data needed from the offeror to complete analysis.
- Determine method of factfinding.
- Prepare for factfinding.
- Conduct factfinding session.

Time: Thursday 8:05 - 8:30**Method:** Lecture/Discussion**Lesson Plan**

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-11	<p>12.2.1 Identify Data Needed to Complete Analysis.</p> <p><u>Describe</u> areas of the proposal that may require clarification.</p> <p><u>Ask</u> the class for examples of information that may require clarification.</p> <ul style="list-style-type: none"> • Technical Proposals • Business Terms and Conditions 	
 TR 12-11	<p>12.2.2 Determine Method of Factfinding.</p>	
	<ul style="list-style-type: none"> • Question: <p>How should factfinding be conducted?</p>	

Answer: Depending on the amount and complexity of the information needed, factfinding can be conducted by:

- Phone Call
- Letter
- Conference
- Visit Offeror's Site

12.2.3 Prepare for Factfinding.

Explain that if a factfinding conference is necessary team members must be prepared by:

- Defining their roles.
- Developing specific questions on the technical proposal.
- Developing specific questions on business terms and conditions.
- Acknowledging the differences between factfinding and negotiations.



TR 12-12

12.2.4 Conduct Factfinding Session.

Describe the skills needed for conducting factfinding during discussions in preparation for negotiations.

- Questioning
- Probing
- Listening
- Understanding

TOPIC: INTRODUCTION TO NEGOTIATION STRATEGY

Ref.: Chapter 12, Pages 12-14 to 12-16


Objective: When you finish the introduction to the lesson, your students should be able to:

- Describe the purpose of developing a negotiation strategy.
- Describe the steps of planning a negotiation strategy.

Time: Thursday 8:30 - 8:35

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-15	<p>Introduction to Negotiation Strategy.</p> <p><u>Explain</u> that factual questions should have been resolved at this point.</p> <p><u>Tell</u> the class that they now must develop a strategy for negotiating:</p> <ul style="list-style-type: none"> • Value • Business Terms and Conditions • Deficiencies in the Technical Proposal <p>Describe the Purpose of Developing a Negotiation Strategy.</p> <p><u>Tell</u> the class that a contractual agreement is reached through discussions, hard bargaining and compromise. The team must have a strategy when entering negotiations.</p>	



- **Question:**

What is negotiation strategy?

Answer: Negotiation strategy is the overall plan, including tactics for conducting negotiations at the bargaining table to achieve your objectives.



- **Question:**

What is the goal of negotiations?

Answer: To achieve the Government's objectives through a cooperative search for solutions that are optimal for both parties: win/win not win/lose.

Describe the Steps of Planning a Negotiation Strategy.

Tell the class that the 5 steps include:

Step 1: Review prenegotiation objectives.

Step 2: Research offeror's probable strategy.

Step 3: Prepare a prenegotiation plan.

Step 4: Rehearse.

Step 5: Prepare negotiation agenda.

TOPIC: NEGOTIATION STRATEGY

Ref.: Chapter 12, Pages 12-17 to 12-25

Objective: When you finish the lesson, your students should be able to:



- Review prenegotiation objectives.
- Research offerors probable strategy and tactics.
- Prepare a prenegotiation plan.
- Prepare negotiation agenda.

Time: Thursday 8:35 - 10:00

Break 10:00 - 10:15

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-17	12.3.1 Review Prenegotiation Objectives.	
	Show VG 12-2 “Steps in Planning Negotiation Strategy.” <p><u>Discuss</u> the importance of reviewing prenegotiation objectives and basing them on facts and market knowledge.</p> <p><u>Describe</u> how to assemble the negotiation team depending on:</p> <ul style="list-style-type: none"> • Size and complexity of the contract. • Circumstances surrounding the upcoming negotiation. • Personnel resources available to the Government. 	

**• Question:**

Who should be included in the negotiation team?

Answer: The chief negotiator, a price analyst and a technical representative are included on the negotiation team. The team may also include:

- Auditors
- Attorneys
- Additional Price Analysts
- Manufacturing and other Technical Specialists
- User Community Representatives (Members of the Technical Evaluation Committee)

Discuss the importance of briefing the team members.



TR 12-18

Instruct the class to look at Exhibit 12-1 in the Text Reference and discuss issues for the negotiation team.

ISSUES FOR NEGOTIATION TEAM

- Issues from initial reading of the proposal.
- Issues and recommended prenegotiation objectives from technical analyses.
- Issues and recommended prenegotiation objectives from field pricing or audit report.
- Issues and recommended prenegotiation objectives from the cost or price analysis and evaluation of other proposed business terms.
- Issues that arose during the competitive range determination.
- Issues that arose during the factfinding session.
- Offeror's probable negotiation goals and positions.

Exhibit 12-1



TR 12-18

Instruct the class to look at Exhibit 12-2 in the Text Reference and discuss team member's responsibilities.

TEAM MEMEBERS RESPONSIBILITIES

- | | |
|--|-------------------|
| • Procurement integrity. | FAR 3.104 |
| • Disclosure of proposal information before award. | FAR 15.413 |
| • Contracting officer controls all discussions. | FAR 15.610(c)(1) |
| • Technical leveling, technical transfusion, auctioning. | FAR 15.610(d)&(e) |
| • Disclosure of Government reports and analyses. | FAR 15.803 |

Exhibit 12-2



TR 12-19

12.3.2 Research Offeror's Probable Strategy.

Explain that the offeror's strategy and tactics should be researched when possible.

12.3.3 Prepare the Prenegotiation Plan.

Present the 5 steps that should be followed in preparing a prenegotiation plan.

Step 1: Identify factors affecting negotiations.

Step 2: Identify negotiation priorities.

Explain that issues are those elements upon which both sides disagree because of opposing interests and objectives.

Describe how the issues must be analyzed.

- Distinguish major from minor issues.
- Distinguish “firm” from “give” positions.
- Compare your priorities with the offeror’s anticipated positions.
- Identify potential tradeoffs and concessions.
- Determine how each issue should be addressed.
- Determine who should lead the discussion of each issue.

Step 3: Develop Overall Strategy.

Describe the methods of developing a strategy.

- Offensive
- Defensive
- Defensive - Offensive
- Problem Solving

Tell the class that planning strategy includes the development of negotiation points including:

- Must Points
- Give Points
- Discussion Points
- Avoidance Points

Describe the 3 basic approaches to negotiation strategy.

- Reveal No Position
- Reveal Minimum Position
- Reveal the Target Objective

Caution the class against the forbidden use of auctioning as a negotiation technique.

Step 4: Prepare Prenegotiation Plan.

Discuss the contents of a thorough prenegotiation plan.

- Procurement Background
- Target Objectives
- Major Negotiation Issues
- Negotiation Strategy
- Team Members and Roles
- Schedule

Caution the class against disclosures of strategy outside of those involved in the acquisition.

Step 5: Brief Management on the Plan.

Explain the importance of rehearsing the negotiation plan to ensure complete preparation.



CE 12-4

12.3.4 Assign Exercise 12-2 “Prenegotiation Plan.”

Tell the class they will develop a prenegotiation plan for the fireworks negotiations.

Tell the class that they will use their prenegotiation plans later to conduct negotiations

Break the class into three evenly divided groups. Assign each group 1 of the remaining three proposals.

- Elkton Sparkler Co., Inc.
- Ohio Fireworks Mnfg., Co.
- Vitale Fireworks Mnfg. Co.

Circulate among the groups to answer questions and offer assistance.

Divide each of the three groups into two subgroups. Assign each subgroup a side.

- Contractor
- Government

Tell each subgroup to develop their plan based on their assignment. Explain that they must be able to defend their issues in an actual negotiation.

Tell the class that they have 25 minutes to develop their prenegotiation plan.

Exercise 12-2 Prenegotiation Plan

Develop a prenegotiation plan using your assigned proposal. Use the results of the price analysis, technical evaluation, and other materials you feel are necessary to develop. Assign each member of the group a role for the prenegotiation plan. Remember that the award will be based on the combination of price and technical evaluation of the program. What strategies will you use to negotiate? Develop a rationale for your prenegotiation positions. Be prepared to use and support your rationale to conduct negotiations.

1. Identify factors affecting negotiations.
2. Identify negotiation priorities.
3. Develop overall strategy.

<p><i>Instructor's answer:</i> The students should recognize the primary factors affecting negotiations, identify negotiation priorities, and develop an overall strategy. Discuss all suggestions given by the class.</p>



TR 12-25

12.3.5 Prepare Negotiation Agenda.

Explain the usefulness of an agenda when entering negotiations.

Tell the class that the agenda should include:

- Schedule
- Topics
- Location
- All Participants

Remind the class to not discuss their Prenegotiation Plans during their break. Tell the class that they will conduct an actual negotiation after break.

**End of Chapter 12 - Competitive Range, Factfinding,
Negotiation Strategy**

BREAK

Lesson Plan

CHAPTER 13 - CONDUCTING NEGOTIATIONS & MISTAKES

TIME	TOPIC	OBJECTIVES
Thursday 10:15 - 10:20	Introduction to Conducting Negotiations	<ul style="list-style-type: none">• Describe the purpose of negotiations.• Describe the procedure involved in negotiations.• Identify the factors contributing to successful negotiations.
Thursday 10:20 - 12:00	Conducting Negotiations	<ul style="list-style-type: none">• Schedule discussions and brief team.• Conduct discussions.• Identify and apply special tactics for sole source discussions.• Conclude discussions.
Thursday 12:00 - 1:00	LUNCH	
Thursday 1:00 - 2:20	BAFO's & PNM's	<ul style="list-style-type: none">• Request Best and Final Offers (BAFOs).• Identify the highest ranking BAFO.• Determine the need to reopen discussions.• Prepare the Price Negotiation Memorandum (PNM).
Thursday 2:20 - 2:35	BREAK	
Thursday 2:35 - 2:40	Introduction to Mistakes in Offers	<ul style="list-style-type: none">• Identify the impact of mistakes in offers during negotiations vs. sealed bidding.• Recognize the importance of correcting genuine mistakes.
Thursday 2:40 - 3:00	Mistakes in Offers	<ul style="list-style-type: none">• Identify and correct minor informalities and irregularities.• Identify and correct other suspected mistakes in the course of discussions.• Process mistakes when awarding without discussions.

TOPIC: INTRODUCTION TO CONDUCTING NEGOTIATIONS

Ref.: Chapter 13, Pages 13-2 to 13-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- Describe the purpose of negotiations.
- Describe the procedure involved in negotiations.
- Identify factors contributing to successful negotiations.

Time: Thursday 10:15 - 10:20

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 13-3	<p>Introduction to Conducting Negotiations.</p> <p><u>Explain</u> to the class that negotiations are conducted to achieve mutual agreement on factors of price, scheduling, technical requirements, type of contract and various other terms of a contract.</p> <p>Describe the Purpose of Negotiations.</p> <p><u>Tell</u> the class that negotiation permits bargaining and gives offerors an opportunity to revise their offers before award.</p>	<p>Mention that this course provides an introduction only to negotiations. An entire course on negotiation strategy is available.</p>

Describe the Procedure Involved in Negotiations.

Explain to the class that bargaining may include:

- Discussion
- Persuasion
- Alteration of Initial Assumptions and Positions
- Give and Take



• Question:

What are potential topics for bargaining?

Answer: Bargaining may apply to:

- Price
- Schedule
- Technical Requirements
- Type of Contract
- Other Terms of a Proposed Contract

Identify Factors Contributing to Successful Negotiations.

Tell the class that successful negotiation is the achievement of mutual agreement that is in the best interests of both parties.

Describe the factors that contribute to successful negotiation.

- Equity of aims and positions of both parties.
- Peculiar circumstances surrounding bargaining.
- Negotiation skills, motivation, and open-mindedness of both parties.
- Willingness of both sides to make concessions.

TOPIC: CONDUCTING NEGOTIATIONS

Ref.: Chapter 13, Pages 13-5 to 13-10

Objective: When you finish the lesson, your students should be able to:



- Schedule discussions and brief team.
- Conduct discussions.
- Identify and apply special tactics for sole source discussions.
- Conclude discussions.

Time: Thursday 10:20 - 12:00

Lunch 12:00 - 1:00

Method: Lecture/Discussion/Role-Play

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 13-5	13.1.1 Schedule Discussions. <p><u>Explain</u> that the Government, as host, is responsible for scheduling discussions and providing adequate facilities.</p> <p><u>Emphasize</u> the importance of briefing team members before the session begins. Ensure that members fully understand their roles.</p> <p><u>Direct</u> the class to Exhibit 13-1 in the Text Reference and discuss basic negotiation ground rules.</p>	<p>Note that this is a duty of the Contract Specialist.</p>
 TR 13-6		

NEGOTIATION GROUND RULES

- Never indicate to offerors they will win the award.
- Never give one offeror an advantage by disclosing information about other offerors' prices or technical proposals.
- Never cite non-existent regulations or make false statements.
- Never disclose the Government cost estimate.
- Never allow team members to disagree (unless planned) during negotiations.
- Never allow deadlines to affect the course of negotiations.
- Do not use the same strategies/tactics all the time.
- Do not engage in technical leveling or transference.
- Do not use auction techniques.

Exhibit 13-1



TR 13-7

13.1.2 Conduct Discussions.

Discuss the 4 steps of conducting negotiations:

- Make opening statement.
- Settle on agenda and procedures.
- Hold discussions.
- Obtain revisions to proposal.



CE 13-2

Assign Role-Play 13-1 “Negotiation Discussions.”

Tell the class, in their assigned group from exercise 12-2, to prepare for negotiations on their assigned role.

Tell the groups to assign roles for the role-play based on the scenario you are handing out.

Give the groups the prepared scenarios - Exercise 13-1a Role Play - Negotiation Discussions.

Tell the class to **not** share the scenarios with the other team. Be sure they **don't** reveal their strategies.

Tell the class to be creative and most of all have **fun** with this exercise.

Be sure that each side (Government and Contractor) for each proposal has a recorder. This person will take notes on the negotiation for their team. The recorder should be prepared to discuss the good and bad points made during discussions by their team.

Remember that this role-play doesn't appear in the classroom exercise book. Don't forget to collect the scenarios back from the students.

You may want to assign the roles based on personalities you have observed during the week.

Walk around the room and interact with the groups. Answer questions and give assistance as necessary.

Allow each proposal's team to conduct negotiation discussions. Give each one approximately 10-15 minutes.

Collect the synopsis when the students have completed the exercise.

Give the groups about 5 minutes to prepare for the negotiations.

Exercise 13-1
Negotiation Discussions

GOVERNMENT TEAM LIST

1. Make opening statement.
 - Introduce team members.
 - Synopsize the procurement.
 - State the results of the proposal review.
 - State the purpose of the negotiations.
2. Settle on agenda with offeror.
3. Negotiate technical issues.
4. Reach agreement on technical issues.
5. Negotiate cost issues.
6. Reach agreement on cost issues.
7. Review each point of agreement and ensure understanding.
8. Ensure no issues are left unaddressed.
9. Let the offeror know what the next step will be.
10. Thank the offeror for coming.

Exercise 13-1
Negotiation Discussions

CONTRACTOR TEAM LIST

1. Make opening statement.
 - Introduce team members.
2. Settle on agenda with government.
3. Negotiate technical issues.
4. Reach agreement on technical issues.
5. Negotiate cost issues.
6. Reach agreement on cost issues.
7. Review each point of agreement and ensure understanding.
8. Ensure no issues are left unaddressed.

Exercise 13-1a
Role Play - Negotiation Discussions
(Instructor's Copy)

Conduct a role-play for negotiation discussions. Use the checklist provided, proposals, and the results of previous exercises. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Each group is assigned a different offeror in the competitive range. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

1. Vitale Fireworks Manufacturing Co.

Leslie Neilson - the Contract Specialist.

Leslie heads up the Government's team of negotiators for the July 4th fireworks procurement. She has been analyzing the three proposals remaining in the competitive range. Leslie's priorities are ensuring that the technical evaluation was prepared with full understanding of the offeror's proposed program. Also, she must verify that the price offered for the program is fair and reasonable.

Leslie must engage in factfinding as part of the negotiation process with each offeror. In addition, she must remind each offeror that in a competitive procurement, cost will be an issue as well as the technical evaluation.

The Government's position

Vitale's program is quite good but seems to fade out in the middle, weakening its dramatic effect. The Government would also like a more detailed description of the planned finale. Vitale proposes to use an extra assistant that the Government feels is unnecessary.

Joe McGarret - President of Vitale Fireworks Manufacturer Co.

Joe is very familiar with negotiating contracts and is confident that he can reach an agreement that is favorable to the company. Their proposal calls for a fee of thirty percent that Joe feels is supported because of the high profile of this national program. Vitale also intends to video tape this program, should the contract be awarded to them, and use it for marketing purposes.

Lee Simpson - Vice President of Advertising, Vitale Fireworks Manufacturer Co.

Lee does not want a compromise on the inclusion of the video tape in Vitale's proposed price. This represents an ideal opportunity to develop an advertising piece for Vitale Co.

Instructor's note: Be sure to keep this role-play confidential. It does not appear in the Classroom Exercise Book. This is done because this role-play will provide the class with the answers to the exercise on the competitive range. In addition, **DO NOT** forget to collect this synopsis from the students at the conclusion of the role-play.

Exercise 13-1b
Role Play - Negotiation Discussions
(Instructor's Copy)

Conduct a role-play for negotiation discussions. Use the checklist provided, proposals, and the results of previous exercises. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Each group is assigned a different offeror in the competitive range. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

2. Ohio Fireworks Manufacturing Company

Leslie Neilson - the Contract Specialist.

Leslie heads up the Government's team of negotiators for the July 4th fireworks procurement. She has been analyzing the three proposals remaining in the competitive range. Leslie's priorities are ensuring that the technical evaluation was prepared with full understanding of the offeror's proposed program. Also, she must verify that the price offered for the program is fair and reasonable.

Leslie must engage in factfinding as part of the negotiation process with each offeror. In addition, she must remind each offeror that in a competitive procurement, cost will be an issue as well as the technical evaluation.

Jean Brown - COTR

Jean has been in Government Contracting for a long time. She is a little skeptical about Leslie's abilities as a new CS to obtain the best value for the Government. Jean also considers herself a specialist in the area of cost analysis.

The Government's position

Ohio's proposed program does not have a very impressive beginning, but the Government really likes the way that it builds toward the finale. It is unclear, however, just how the effects in the finale are to be achieved. The Government also has particular concerns regarding the travel costs of an additional person whose function is not defined in Ohio's proposal.

Timothy White - Vice President for Marketing and Finance, Ohio Fireworks Manufacturing Company

Timothy has been asked to participate in discussions with the Government concerning Ohio's proposal for the July 4th fireworks contract. Timothy has been concerned about a recent slump in business. This contract is an important one. If Ohio can win this contract the publicity will be great for the company. If they win the contract, Timothy intends to travel to Washington D.C. to observe the fireworks display and explore some new marketing strategies.

Exercise 13-1c
Role Play - Negotiation Discussions
(Instructor's Copy)

Conduct a role-play for negotiation discussions. Use the checklist provided, proposals, and the results of previous exercises. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Each group is assigned a different offeror in the competitive range. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

3. Elkton Sparkler Co. Inc.

Leslie Neilson - the Contract Specialist.

Leslie heads up the Government's team of negotiators for the July 4th fireworks procurement. She has been analyzing the three proposals remaining in the competitive range. Leslie's priorities are ensuring that the technical evaluation was prepared with full understanding of the offeror's proposed program. Also, she must verify that the price offered for the program is fair and reasonable.

Leslie must engage in factfinding as part of the negotiation process with each offeror. In addition, she must remind each offeror that in a competitive procurement, cost will be an issue as well as the technical evaluation.

The Government's position

Elkton's program is pretty good overall but lacks dramatic impact in the finale. The final thirty seconds will probably need more work for the offeror to have a chance of winning the contract award.

Marty Jones - CEO, Elkton Sparkler Co., Inc.

Marty has decided to let his younger brother J.J. get his first taste of negotiating a contract. He intends to watch and let J.J. handle negotiations, but will intervene if he feels it is necessary. Marty is normally very outspoken and may find it difficult not to "jump in."

J.J. Jones- Program Manager, Elkton Sparkler Co, Inc.

Mr. Jones has been with Elkton for just six months. He is about to engage in his first formal discussions in negotiating a contract and is anxious to perform well. He feels that his company may have underestimated the amount of work in their cost proposal and is concerned that they will not be able to negotiate on price without sacrificing the technical quality of the program.

Exercise 13-1a
Role Play - Negotiation Discussions
(Vitale's Government Copy)

Conduct a role-play for negotiation discussions. Use the list provided, in your Classroom Exercise Book CE 13-2, your assigned proposal and you prenegotiation plan from Exercise 12-2. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

1. Vitale Fireworks Manufacturing Co.

Leslie Neilson - the Contract Specialist.

Leslie heads up the Government's team of negotiators for the July 4th fireworks procurement. She has been analyzing the three proposals remaining in the competitive range. Leslie's priorities are ensuring that the technical evaluation was prepared with full understanding of the offeror's proposed program. Also, she must verify that the price offered for the program is fair and reasonable.

Leslie must engage in factfinding as part of the negotiation process with each offeror. In addition, she must remind each offeror that in a competitive procurement, cost will be an issue as well as the technical evaluation.

The Government's position

Vitale's program is quite good but seems to fade out in the middle, weakening its dramatic effect. Leslie would also like a more detailed description of the planned finale. Vitale proposes to use an extra assistant that the Government feels is unnecessary.

Exercise 13-1a
Role Play - Negotiation Discussions
(Vitale's Contractor Copy)

Conduct a role-play for negotiation discussions. Use the list provided, in your Classroom Exercise Book CE 13-3, your assigned proposal and you prenegotiation plan from Exercise 12-2. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

Joe McGarret - President of Vitale Fireworks Manufacturer Co.

Joe is very familiar with negotiating contracts and is confident that he can reach an agreement that is favorable to the company. Their proposal calls for a fee of thirty percent that Joe feels is supported because of the high profile of this national program. Vitale also intends to video tape this program, should the contract be awarded to them, and use it for marketing purposes.

Lee Simpson - Vice President of Advertising, Vitale Fireworks Manufacturer Co.

Lee does not want a compromise on the inclusion of the video tape in Vitale's proposed price. This represents an ideal opportunity to develop an advertising piece for Vitale Co.

Exercise 13-1b
Role Play - Negotiation Discussions
(Ohio's Government Copy)

Conduct a role-play for negotiation discussions. Use the list provided, in your Classroom Exercise Book CE 13-2, your assigned proposal and you prenegotiation plan from Exercise 12-2. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

2. Ohio Fireworks Manufacturing Company

Leslie Neilson - the Contract Specialist.

Leslie heads up the Government's team of negotiators for the July 4th fireworks procurement. She has been analyzing the three proposals remaining in the competitive range. Leslie's priorities are ensuring that the technical evaluation was prepared with full understanding of the offeror's proposed program. Also, she must verify that the price offered for the program is fair and reasonable.

Leslie must engage in factfinding as part of the negotiation process with each offeror. In addition, she must remind each offeror that in a competitive procurement, cost will be an issue as well as the technical evaluation.

Jean Brown - COTR

Jean has been in Government Contracting for a long time. She is a little skeptical about Lesli's abilities as a new CS to obtain the best value for the Government. Jean also considers herself a specialist in the area of cost analysis.

The Government's position

Ohio's proposed program does not have a very impressive beginning, but the Government really likes the way that it builds toward the finale. It is unclear, however, just how the effects in the finale are to be achieved. The Government also has particular concerns regarding the travel costs of an additional person whose function is not defined in Ohio's proposal.

Exercise 13-1b
Role Play - Negotiation Discussions
(Ohio's Contractor Copy)

Conduct a role-play for negotiation discussions. Use the list provided, in your Classroom Exercise Book CE 13-3, your assigned proposal and your prenegotiation plan from Exercise 12-2. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

Timothy White - Vice President for Marketing and Finance, Ohio Fireworks Manufacturing Company

Timothy has been asked to participate in discussions with the Government concerning Ohio's proposal for the July 4th fireworks contract. Timothy has been concerned about a recent slump in business. This contract is an important one. If Ohio can win this contract the publicity will be great for the company. If they win the contract, Timothy intends to travel to Washington D.C. to observe the fireworks display and explore some new marketing strategies.

Exercise 13-1c
Role Play - Negotiation Discussions
(Elkton's Government Copy)

Conduct a role-play for negotiation discussions. Use the list provided, in your Classroom Exercise Book CE 13-2, your assigned proposal and you prenegotiation plan from Exercise 12-2. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

3. Elkton Sparkler Co. Inc.

Leslie Neilson - the Contract Specialist.

Leslie heads up the Government's team of negotiators for the July 4th fireworks procurement. She has been analyzing the three proposals remaining in the competitive range. Leslie's priorities are ensuring that the technical evaluation was prepared with full understanding of the offeror's proposed program. Also, she must verify that the price offered for the program is fair and reasonable.

Leslie must engage in factfinding as part of the negotiation process with each offeror. In addition, she must remind each offeror that in a competitive procurement, cost will be an issue as well as the technical evaluation.

The Government's position

Elkton's program is pretty good overall but lacks dramatic impact in the finale. The final thirty seconds will probably need more work for the offeror to have a chance of winning the contract award.

Exercise 13-1c
Role Play - Negotiation Discussions
(Elkton's Contractor Copy)

Conduct a role-play for negotiation discussions. Use the list provided, in your Classroom Exercise Book CE 13-3, your assigned proposal and your prenegotiation plan from Exercise 12-2. Discussions will be conducted without reaching a final agreement and are followed by best and final offers. Assign roles within the group and be sure to assign a member to act as the recorder of discussions. Make notes of the important issues and how they were resolved as you go along.

Marty Jones - CEO, Elkton Sparkler Co., Inc.

Marty has decided to let his younger brother J.J. get his first taste of negotiating a contract. He intends to watch and let J.J. handle negotiations, but will intervene if he feels it is necessary. Marty is normally very outspoken and may find it difficult not to "jump in."

J.J. Jones- Program Manager, Elkton Sparkler Co, Inc.

Mr. Jones has been with Elkton for just six months. He is about to engage in his first formal discussions in negotiating a contract and is anxious to perform well. He feels that his company may have underestimated the amount of work in their cost proposal and is concerned that they will not be able to negotiate on price without sacrificing the technical quality of the program.

Review Role-Play 13-1 “Negotiation Discussions.”

Ask each group’s recorder to summarize the results of their teams negotiation discussions.

Lead the class in a discussion of their role-play and their prenegotiation plan. Ask the following questions:

- What were some of the issues that arose?
- How were they resolved?
- Were revisions made to proposals?
- What technical issues were raised?
- How was agreement reached on technical issues?
- How was agreement reached on cost?
- How did you ensure understanding on each point of agreement?

Discuss the different issues that arose during discussions with each offeror in the competitive range.

Remember to collect the role-play.

Write on the chalkboard the major points of discussions with each offeror.



TR 13-9

13.1.3 Sole Source Discussions.

Define the special difficulties involved in sole source discussions.

Tell the class that the offeror’s exclusive position may cause resistance to bargaining.

**• Question:**

What tactics might be used to improve the Government's bargaining position with a sole source offeror?

Answer: The Government wants to operate from a position of perceived strength not perceived weakness. Special tactics include:

- Identify alternative ways of meeting the Government's need and lessening dependence on the contractor.
- Act as equal, you have cost/pricing data.
- Consider changing the contract type.

Discuss the potential outcomes of sole source discussions.



TR 13-10

13.1.4 Conclude Discussions.

Discuss the importance of reaching a mutual understanding before discussions are concluded.

Emphasize the importance of obtaining agreements in writing.

Answer any questions the class may have about the material learned that day.

LUNCH

TOPIC: BAFO's & PNM's

Ref.: Chapter 13, Pages 13-10 to 13-12

Objective: When you finish the lesson, your students should be able to:



- Request Best and Final Offers (BAFOs).
- Identify the highest ranking BAFO.
- Determine the need to reopen discussions.
- Prepare the Price Negotiation Memorandum.

Time: Thursday 1:00 - 2:20

Break 2:20 - 2:35

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 13-10	<h3>13.1.5 Request BAFOs.</h3> <p>Describe the process of requesting best and final offers.</p> <p>Explain that a determination must be made whether to eliminate any offerors from the competitive range. Those offerors must be notified in writing.</p>	
	<ul style="list-style-type: none"> • Question: <p>What must the written request for BAFOs include?</p> <p>Answer:</p> <ul style="list-style-type: none"> - Notice that discussions are concluded. - Notice that this is the opportunity to submit BAFOs. - Cutoff date and time, allowing reasonable opportunity for revision and submission. - Notice regarding late submission, modifications and withdrawal of proposals. <p>Describe the procedure for accepting modifications.</p>	



TR 13-11

13.1.6 Identify Highest Ranking BAFO.

Present the factors used in determining the highest ranking BAFO.

- Obtaining rankings on technical factors.
- Applying price-related factors.
- Determining the overall ranking of each offer.

13.1.7 Determine Need to Reopen Negotiations.

Tell the class that after receipt of BAFOs discussions should not be reopened unless it is in the Government's best interest to do so. If discussions are reopened an additional request for BAFOs must be issued to all offerors in the competitive range.

13.1.8 Prepare a Price Negotiation Memorandum (PNM).

Explain the purpose of the PNM. The PNM:

- Establishes the reasonableness of the agreement.
- Is used by some agencies as a detailed permanent record of the award decision that allows accurate reconstruction of the procurement for future review and reference.



TR 13-12

Explain that the PNM is included in the permanent file of the procurement.

Discuss the contents of the PNM and how this may vary with different procurements.

Direct the class to Exhibit 13-2 in the Text Reference.

CONTENTS OF PRICE NEGOTIATION MEMORANDUM**FAR 15.808**

- Purpose of the negotiation.
- Description of the acquisition, including appropriate identifying numbers (e.g., RFP No.)
- Name, position, and organization of each person representing the offeror and the Government in the negotiation.
- Current status of offeror's: purchasing system, when material is a significant cost element, and other systems (e.g., estimating, accounting, and compensation).
- If certified cost and pricing data were required, the extent to which the contracting officer:
 - Relied on the data submitted and used them in negotiating the price
 - Recognized as inaccurate, incomplete, or noncurrent; resulting actions by the contracting officer and offeror; effect of the defective data on the price negotiated.
- For price negotiations over \$100,000, any exemption or waiver to requiring cost or pricing data and the basis for claiming or granting it.
- For price negotiations under \$100,000, the rationale for requiring cost or pricing data, if such had been required.
- Summary of offeror's proposal, recommendations from field pricing report, and reasons for any pertinent variances from such recommendations. Where the determination of price reasonableness was based on cost analysis, include for each major cost element:
 - Contractor's proposal
 - Field report's recommendation (if any).
 - Government's negotiation objective.
 - Amount considered negotiated as part of the price.
- The most significant facts or considerations controlling the establishment of the prenegotiation price objective and the negotiated price, including the rationale for any differences between the two.
- If significant, the impact of direction from Congress, other agencies, and higher officials.
- Basis for determining profit or fee prenegotiation objective; and profit or fee negotiated.

Exhibit 13-2



CE 13-3

Assign Exercise 13-3 “Complete a PNM.”

Instruct the groups to create a PNM based on the negotiation discussions with the 3 offerors in the competitive range.

Assign each group 1 of the remaining proposals.

- Elkton Sparkler Co., Inc.
- Ohio fireworks Mnfg. Co.
- Vitale Fireworks Mnfr. Co.

(It’s okay to assign more than 1 group the same proposal. Use Exercise 12-2 and Exercise 13-1 as a guideline.)

Tell the class that they have 30 minutes to complete the exercise.

Walk around the room and assist the groups as necessary.

Exercise 13-3

Complete a PNM

Complete a PNM (Price Negotiation Memorandum) based on the negotiation discussions you conducted for the fireworks procurement. In the PNM include the major points of your negotiation discussions.

Purpose:

Discussion:

Team Members:

Cost and Pricing Data:

Summary of Proposals:

Price Objectives vs Negotiated Price:

Basis for Determining Profit or Fee:

Instructor's answer: The PNM should include the RFP number, the purpose of the procurement, the extent of competition, and summaries of proposals received including prices offered. It should also include the determination of the competitive range including technical scores, and a summary of discussions.

Review Exercise 13-3 “Complete a PNM.”

Ask each group to present the contents of the PNM based on the exercise.

Discuss each group’s responses.

Ask the following question:

- What information must be included in the PNM?

BREAK

TOPIC: INTRODUCTION TO MISTAKES IN OFFERS

Ref.: Chapter 13, Pages 13-13 to 13-14


Objective: When you finish the introduction to the lesson, your students should be able to:

- Identify the impact of mistakes in offers during negotiations vs. sealed bidding.
- Recognize the importance of correcting genuine mistakes.

Time: Thursday 2:35 - 2:40

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 13-14	<p>Introduction to Mistakes in Offers.</p> <p>Explain to the class offerors often err in estimating costs and calculating a proposed price. These mistakes need to be identified.</p> <p>Identify the Impact of Mistakes in Offers.</p> <ul style="list-style-type: none"> • Question: <p>What is the impact of mistakes in offers vs. mistakes in bids?</p> <p>Answer: The impact is generally less in negotiation because discussions are permitted and the offeror has the opportunity to correct mistakes or withdraw the offer before award unless you want to award without discussions.</p>	<p>It is important that the distinction be made between dealing with mistakes in offers in Contracting by Negotiation and mistakes in bids in the sealed bidding process.</p> <p>Refer students to the Sealed Bidding Text Reference for detailed coverage in mistakes.</p>

Recognize the Importance of Correcting Genuine Mistakes.

Explain that it is still important to recognize and correct genuine mistakes to prevent the following:

- The awardee working at a loss (and the risk of unacceptable performance).
- Denial of award to legitimate offerors who may then be discouraged from pursuing Government contracts.

Mention that this is only important when the intention is to award without discussions. Otherwise matters can be resolved during discussions.

TOPIC: MISTAKES IN OFFERS

Ref.: Chapter 13, Pages 13-15 to 13-17



Objective: When you finish this lesson, your students should be able to:

- Identify and correct minor informalities and irregularities.
- Identify and correct other suspected mistakes in the course of discussions.
- Process mistakes when awarding without discussions.

Time: Thursday 2:40 - 3:00

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 13-15	<p>13.2.1 Identify and Correct Minor Informalities and Irregularities.</p> <p><u>Give</u> examples of informalities or irregularities:</p> <ul style="list-style-type: none"> • Omission of Certifications • Omission of Signatures • Omission of Acknowledgments • Omission of Required Number of Copies <p>• Question:</p> <p>How are these omissions resolved?</p> <p>Answer: By clarifying them with the offeror. If clarification prejudices other offerors, discussions must be held with other offerors in the competitive range.</p>	
		<p>Caution the class that clarifications must not be interpreted as discussions.</p>



TR 13-15

13.2.2 Identify and Correct Other Suspected Mistakes.

Give examples of other suspected mistakes.

- Transposition of Numbers
- Mistakes in Calculation
- Misunderstanding of Required Work
- Unusually Low Offer

Describe how to verify suspected mistakes. You may simply request a verification by the offeror. Mistakes can be corrected during the course of discussions.

Explain the steps of verifying offers:

- Identify the error to the offeror.
- Give the offeror an indication of why you are requesting verification if you cannot point out a specific error.
- Never suggest a specific rewrite or correction.

Emphasize this final point.

Explain what can be pointed out to the offeror:

- That the offer is much lower than other offers or the Government's estimate. This may indicate an error.
- Important or unusual specifications that may have been overlooked.
- Changes in requirements from previous purchases.
- Other proper disclosures that may clue the offeror to a suspected mistake.



TR 13-16

13.2.3 Process Mistakes When Awarding Without Discussions.

Describe the 5 steps for processing mistakes when awarding without discussions.

Step 1: Request verification.

Step 2: Advise offerors of options. The offeror may withdraw the proposal or correct the error.

Step 3: Determine whether to permit corrections. The corrections cannot be considered a “discussion.”

Step 4: If yes, obtain written approval to make the correction. The determination to make a correction must be made by the agency head or his/her designee. Each determination should be reviewed by legal counsel.

Step 5: If no, advise offeror of final options.

End of Chapter 13 - Conducting Negotiations and Mistakes

Lesson Plan

CHAPTER 15 - PREPARING AWARDS

[illegible]

TOPIC: INTRODUCTION TO PREPARING AWARDS

Ref.: Chapter 15, Pages 15-2 to 15-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- State the objective of documenting the award selection.

Time: Thursday 3:00 - 3:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 15-3	<p>Introduction to Preparing Awards.</p> <p><u>Explain</u> to the class that before finalizing the selection of a contractor, the Contract Specialist must prepare the award.</p> <p>State the Objective of Documenting the Award Selection.</p> <p><u>Tell</u> the class that documenting the selection of a contractor allows accurate reconstruction of the procurement for review and future reference.</p> <p>• Question:</p> <p>In finalizing the selection, what actions have you completed and documented?</p>	<p>Inform the class that before preparing awards, it is critical that a determination of responsibility be made. This topic taught in the Sealed Bidding Course; but is included in Chapter 14 of their text reference.</p> <p>You may want to start this chapter with Exercise 15-1 and cover the content on page 15-1 to 15-8 after the exercise. Use your best judgment.</p>

Answer:

- Evaluation factors have been properly considered.
- Scores or ratings of the competing proposals have been arrived at according to the selection plan.
- Competitive range was fairly established.
- All procedures, approvals, and clearances have been met.
- Offeror selected for award represents the best value for the Government, in terms of the RFP's evaluation factors.

Explain that the contract must convey what was agreed on between the Government and the offeror.

TOPIC: PREPARING AWARDS



Ref.: Chapter 15, Pages 15-5 to 15-13

Objective: When you finish the lesson, your students should be able to:

- Compare prices to the amount of funding provided.
- Determine whether to withdraw or modify any set-aside when discussions aren't being held.
- Make final award decisions.
- Prepare the contract.
- Document the award.

Time: Thursday 3:05 - 4:00

Method: Lecture/Discussion/Class Exercise

Lesson Plan		
Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 15-5	<p>15.1 Compare Prices to the Amount of Funding Provided.</p> <p><u>Emphasize</u> the importance of reconfirming the availability of funds before the signing of a contract.</p>	
 TR 15-6	<p><u>Direct</u> the class to Exhibit 15-1 in the Text Reference and discuss the options available if substantial additional funds are needed.</p>	

FUNDING DECISIONS	
IF THE ADDITIONAL FUNDING:	THEN YOU SHOULD:
Is available and the activity wishes to complete the purchase,	Request the requiring activity to process an amendment to the purchase request to add more funds.
Is not available or the requiring activity does not want to authorize additional funds,	Consider buying a lesser quantity if this is agreeable to the requiring activity.
Is not available and the requiring activity cannot use a lesser quantity,	Cancel the RFP.

Exhibit 15-1

TR 15-6

15.2 Determine Whether to Withdraw or Modify any Set-Aside.

Explain that a small business set-aside involves setting acquisitions aside for exclusive competitive participation by small business concerns.

Explain to the class that after reviewing the proposals they may determine that its not in the Government's best interest to set aside the procurement. For example when the price is greater than the market value.

**• Question:**

What should you do if it is determined that a set-aside is not in the best interests of the Government?

Answer: One of the following actions should be taken:

- Withdraw the set-aside and reissue the solicitation without business size restrictions if a more reasonable price can be provided by a large business.
- Modify the set-aside by changing the requirement or reissuing it as a partial set aside for competitively priced items offered by small businesses.

Explain that notification must be made, in the case of a decision to withdraw or modify the set-aside. The Contract Specialist must notify:

- The agency's small and disadvantaged business utilization specialist.
- The SBA.

15.3 Make Final Award Decision.

TR 15-7

Direct the students to Exhibit 15-2 in the Text Reference.

FINAL AWARD DECISION TABLE	
IF YOU DETERMINE THAT:	THEN YOU SHOULD:
No discussion is needed with any offeror,	Proceed directly to award without holding discussions after verifying that the RFP properly alerted offerors and ensuring discussions were not held with any offeror. {FAR 15.610(a)}
Questions need resolving or negotiation is required,	Hold discussions with all offerors in the competitive range, evaluate BAFO's, and award according to price and other factors in the solicitation. {FAR 15.611(d)}
All offers are unacceptable with no possibility of being made acceptable,	Reject all offers after obtaining approval from the agency head. {FAR 15.608(b)}

Exhibit 15-2

Discuss the possibilities for actions in finalizing the award.

- Proceed to award without discussions after assuring discussions were not held with any offeror.
- Hold discussions with all offerors in the competitive range and award according to price and other factors in the solicitation.
- Reject all offers.



- **Question:**

Who reviews the award recommendation?

Answer:

- The Contracting Officer.
- Higher level than the CO in accordance with your agency's policy.
- Source Selection Authority in formal source selections.

Explain that a recommendation for award can be rejected by the CO based on reasonableness of price or responsibility of an offeror.

Tell the class that the rejection of a recommendation for award may result in:

- Awarding the contract to the next lowest offeror.
- Reopening of negotiations.
- Canceling the solicitation.

Describe the procedures following an accepted recommendation for award.

Tell the class that when the award decision is finalized, they must:

- Assemble all of the required documentation.
- Complete the contract file.
- Prepare the award document so that it is ready for the Contracting Officer's signature.

Emphasize that the Contract Specialist must be able to fully justify the award decision. Mention again that the chapter on responsibility is not taught in this course, but in the Sealed Bidding course. Your text reference does include the Chapter (#14) from the Sealed Bidding T/R on responsibility.



CE 15-2

Assign Exercise 15-1 “Award Decision.”

Tell the groups to make an award decision based on the fireworks procurement.

Give the class approximately 20 minutes to complete the exercise.

Inform the class that one of the offerors in the competitive range has withdrawn its proposal.

Walk around the room and offer assistance as necessary.

Exercise 15-1 Award Decision

Based on the previous exercises and the best and final offers received, recommend an award decision for the fireworks procurement. Justify your answers.

Best and final offers have been received from two of the three contractors. Vitale informed the Government of the withdrawal of its offer. Here are the results from Ohio and Elkton.

Elkton Sparkler Co., Inc.

- Provided more references concerning level of experience of designers and firing team. The Government is more than pleased with these qualifications.
- Dramatically improved the finale's impact. It far surpasses the Government's expectations.
- Reduced material costs.

BAFO	\$84,000	Technical Rating	87
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Ohio Fireworks Manufacturing Company

- Improved upon how the effects in the finale are to be achieved. They provided a detailed sequence of events that satisfied all concerns.
- Adjusted travel costs by assuming the travel cost for 1 person.
- Adjusted material costs.

BAFO	\$79,950	Technical Rating	81
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The procurement was originally funded at \$75,000 based on an Independent Government Cost Estimate. The Government is faced with a slightly higher indirect expense rate than that used by the Government estimator. Also, the Government underestimated cost in the area of shell selection. Additional funds of \$10,000 are made available for the award.

Instructor's note: *There is no definite right answer to this exercise. Your role is to encourage discussion. If the class is split evenly for each offeror, facilitate the discussion; otherwise, play devil's advocate. If you argue for Ohio Fireworks, play up the cost savings and experience. If you argue for Elkton, emphasize the superior value of the finale and that the additional cost is worth it because of the Government's need for a creative and innovative fireworks display. You may also want to throw in the issue of "confidence" with a potential contractor as a basis for award.*

Review Exercise 15-1

“Award Decision.”

Ask each group to give their award decision.

Lead the class in a discussion on Exercise 15-1. Ask the following questions:

- Why did you choose one offeror over the other?
- How did you arrive at your decision?

Tell the class that although a case could be made for either contractor, for the purpose of further exercises, Ohio Fireworks Manufacturing Company is the awardee.



TR 15-8

15.4 Prepare Contract.

Describe the award document.

Tell the class that the award document includes all elements of the RFP except Part IV, amendments to the RFP, and the offer as negotiated. This constitutes the contract.

Discuss the use of Standard Forms 33 and 26.



TR 15-8

15.5 Prepare Documentation of Award.

Discuss the importance of maintaining the contract file as a documented record of actions taken during the procurement process.



TR 15-9

Direct the class to the Contracting Office Contract File Checklist in the Text Reference.

Discuss the various documents listed.

AWARD DOCUMENT SELECTION

General procedure:

The contracting officer awards the contract by signing the award section of the SF33 - Solicitation, Offer, and Award.

If the offer has been amended through negotiation:

The bilateral form, the SF26 - Award/Contract - must be completed because a new signature is required of the offeror. Incorporate any written amendments by reference in the award.

Exhibit 15-3



CE
Contract
File

Review the Fireworks Procurement Contract File.

Tell the class that they should have been maintaining their contract file throughout the week.

Tell the class if they haven't maintained the file that they should do it now. Tell the students that have maintained their file to take a 15 minute break.

Refer the students to the tab labeled contract file. Tell them to organize the file based on the section headings in the Contract File.

Walk around the room and answer any questions that the groups may have.

Exercise 15-2

Contract File

Using the Contracting Office Contract File Checklist in the Text Reference (page 15-9), assemble all required documentation for the fireworks contract award from the whole course's exercises using the Contract File Tab located in the back of this book.

Instructor's note: Use the list on page 15-9 in the Text Reference as a guideline for this exercise. Following this page are the pages that appear in the student's Classroom Exercise book. Below is a list of suggested location of contract file documents not specifically referenced in standard contract file format.

- 5. Market Survey
- 8. SOW; Evaluation Factors
- 13. Source Selection Plan
- 17. Claim for Exemption
- 19. Contingencies
- 21. Pre-Negotiation Price Objectives and Plan; Competitive Range Determination
- 22. Risk Analysis
- 26. Selected Offer

SECTION I

PLANNING

1. PURCHASE REQUEST & ACQUISITION PLAN.
2. JUSTIFICATIONS & APPROVALS, AND D & Fs.
3. EVIDENCE OF AVAILABILITY OF FUNDS.
4. SYNOPSIS IN CBD.
5. LIST OF SOURCES SOLICITED AND THOSE DENIED SOLICITATION.
6. SET-ASIDE DECISION.

SECTION II

RFP

7. GOVERNMENT ESTIMATE OF CONTRACT PRICE.
8. RFP AND ANY AMENDMENTS THERETO.
9. SECURITY REQUIREMENTS AND CLEARANCES.
10. EACH OFFER AND THE RELATED ABSTRACT.

SECTION III

SOURCE SELECTION

- 11. OFFEROR'S CONTINGENT FEE REP. AND OTHER CERTS. & REPS.
- 12. PREAWARD SURVEY REPORTS.
- 13. SOURCE SELECTION DOCUMENTATION.
- 14. CO'S DETERMINATION OF THE OFFEROR'S RESPONSIBILITY.
- 15. SBA CERTIFICATE OF COMPETENCY.
- 16. RECORDS OF OFFEROR'S COMPLIANCE WITH LABOR POLICIES .

SECTION IV

COST & PRICING

17. COST OR PRICING DATA AND CERTIFICATES.

18. PACKAGING AND TRANSPORTATION DATA.

19. COST OR PRICE ANALYSIS.

20. AUDIT REPORTS.

SECTION V

DISCUSSIONS

- 21. RECORD OF NEGOTIATION.
- 22. JUSTIFICATION FOR TYPE OF CONTRACT.
- 23. DEVIATIONS FROM REGULATIONS, ETC.
- 24. REQUIRED APPROVALS OF AWARD.
- 25. NOTICE OF AWARD.

SECTION VI

CONTRACT

26. SIGNED CONTRACT OR AWARD; ALL CONTRACT MODIFICATIONS.

27. SYNOPSIS OF AWARD.

28. NOTICE TO UNSUCCESSFUL OFFERORS & RECORD OF DEBRIEFING.

29 - 43.

Review the Contract File.

Call on one student randomly to present their organization and purpose of the contract file.

Ask the remaining students to add any additional comments.

Discuss each piece of documentation included by the group. Give rationale for including the documentation in the contract file or not including it.

Lead the class in a discussion of the exercise. Ask the following questions:

- Who is responsible for assembling the documentation for the contract file?
- What is the importance of the documented contract file?
- Who benefits the most from a complete contract file?

Tell the class that there will be a review tomorrow morning on Chapters 9, 10, 11, 12, 13, 15 and 16.

Tell the class to prepare for the review.

Assign tomorrow's reading - Chapter 16.

Choose one of the groups at random.

Spend approximately 5-10 minutes on this review.

Answer any additional questions the class may have.

End of Chapter 15 - Preparing Awards

End of Day 4

Lesson Plan

CHAPTER 16 - SUBCONTRACTING GOALS, AWARD, & DEBRIEFING

TIME	TOPIC	OBJECTIVES
Friday 8:00 - 8:05	Introduction to Subcontracting Plans	<ul style="list-style-type: none">• Explain the statutory requirements involving small business and small disadvantaged business concerns.• Describe how subcontracting plans are reviewed to ensure maximum small business contracting participation.
Friday 8:05 - 8:40	Subcontracting Plans	<ul style="list-style-type: none">• Obtain subcontracting plans from offerors.• Research subcontracting potential.• Determine adequacy of the proposed subcontracting plan.• Negotiate or request a corrected plan.• Determine the offeror's responsibility based on submitted plan.• Determine the amount of monetary incentive for exceeding goals (if any).• Notify SBA of the award.
Friday 8:40 - 8:45	Introduction to Awards	<ul style="list-style-type: none">• Define contract award.• Describe the responsibilities of the Contract Specialist in finalizing the award.
Friday 8:45 - 9:15	Awards	<ul style="list-style-type: none">• Obtain approvals for awarding the contract.• Make preaward notifications.• Execute contract and transmit notice to successful offeror.• Make post-award notifications.
Friday 9:15 - 9:20	Introduction to Debriefing	<ul style="list-style-type: none">• Define debriefing and explain its purpose.• Explain the policy associated with debriefing.
Friday 9:20 - 10:20	Debriefing	<ul style="list-style-type: none">• Prepare for debriefing.• Conduct debriefings.• Document debriefing.
Friday 10:20 - 10:35	BREAK	

TOPIC: INTRODUCTION TO SUBCONTRACTING PLANS

Ref.: Chapter 16, Pages 16-2 to 16-4


Objective: When you finish the introduction to the lesson, your students should be able to:

- Explain the statutory requirements involving small business and small disadvantaged business concerns.
- Describe how subcontracting plans are reviewed to ensure maximum small business contract participation.

Time: Friday 8:00 - 8:05

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-3	<p>Introduction to Subcontracting Plans.</p> <p><u>Explain</u> that subcontracting plans must be reviewed and approved for inclusion in the contract before contract award.</p> <p>Explain the Small Business Requirements.</p> <p><u>Tell</u> the class that any offeror receiving a contract for more than \$25,000 shall agree in the contract that small business and small disadvantaged business concerns must have a maximum practicable opportunity to participate in contract performance.</p>	

Describe the Review of Subcontracting Plans.

Explain that certain contracts offering subcontracting possibilities contain a clause requiring offerors to submit a subcontracting plan.

Tell the class that in some cases subcontracting possibilities must be made available to small businesses. The offeror can be determined nonresponsible for failure to comply.

TOPIC: SUBCONTRACTING PLANS

Ref.: Chapter 16, Pages 16-5 to 16-9



Objective: When you finish the lesson, your students should be able to:

- Obtain subcontracting plans from offerors.
- Research subcontracting potential.
- Determine adequacy of proposed subcontracting plan.
- Negotiate or request a corrected plan.
- Determine the offeror's responsibility based on submitted plan.
- Determine the amount of monetary incentive for exceeding goals.
- Notify SBA of award.

Time: Friday 8:05 - 8:40

Method: Lecture/Discussion/Individual and Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-5	<p>16.1.1 Obtain Subcontracting Plans from Offerors.</p> <p><u>Explain</u> that prime contractors are required by certain clauses to provide subcontracting opportunities to small and small disadvantaged businesses.</p> <p><u>Direct</u> the class to Exhibit 16-1 in the Text Reference.</p>	<p>Mention that the requirements for a subcontracting plan are different for construction contracting. Tell the class that there is an entire course in construction contracting available.</p>
 TR 16-5		

SMALL BUSINESS SUBCONTRACTING CLAUSES	
RFPs Contain This Clause	Unless:
Utilization of Small Business Concerns and Small Disadvantaged Business Concerns. [FAR 52.219-8]	Contract is: - under small purchase limitation. - performed outside of the U.S. - for personal services.
Utilization of Women-Owned Small Businesses. [FAR 52.219-13]	Contract is: - under small purchase limitation. - performed outside of the U.S. - for personal services.
Utilization of Labor Surplus Area Concerns. [FAR 52.220-3]	Contract is: - under small purchase limitation. - performed outside the U.S. and contractor is foreign. - for personal services.
Utilization of Indian Organizations and Indian-Owned Economic Enterprises [FAR 52.226-1]	- Contract does not contain Subcontracting Plan clause at (FAR 52.219-9). (Civilian agency use is optional based on subcontracting opportunities and funding for any increased costs.)

Exhibit 16-1



TR 16-6

Lead the class in a discussion of the various small business subcontracting clauses. Include in this discussion:

- Small Business and Small Disadvantaged Business Subcontracting Plan
- Labor Surplus Area Subcontracting Program

Explain that subcontracting plans are necessary under these programs if the contract is expected to exceed \$500,000.

Identify the 3 types of plans under the SB/SDBS clause:

- Individual Procurement
- Master
- Commercial Product

Discuss the requirements of a subcontracting plan.

- Separate percentage goals for small and small disadvantaged business concerns.
- Name of administrator.
- Description of how a company will provide subcontracting opportunities.
- Assurance that the offeror will include appropriate clauses in the subcontract.
- Assurance that the offeror will fulfill reporting requirements.
- Types of records the offeror will maintain to assure compliance.



TR 16-7

16.1.2 Research Subcontracting Potential.

Describe how to research subcontracting potential in order to review and evaluate the subcontracting plan.



• Question:

Who might be of assistance in researching subcontracting potential?

Answer:

- the SBA resident procurement center representative and/or
- the Director of Small Disadvantaged Business Utilization.

Describe the types of information that will assist in researching subcontracting potential.

- Offeror's past performance in awarding subcontracts for the same or similar products or services.
- Offeror's overall past performance in awarding subcontracts.



TR 16-8

16.1.3 Determine Adequacy of Proposed Plan.

Describe an adequate subcontracting plan.

Tell the class that a plan is adequate when:

- It includes all the necessary clauses.
- Specified goals match what the small business community is capable of providing.



TR 16-8

16.1.4 Negotiate or Request a Corrected Plan.

Discuss the goals for a subcontracting plan.

Explain that if you find the subcontracting plan inadequate, you may ask the contractor for a revised plan or you may negotiate the subcontracting plan.



TR 16-8

16.1.5 Determine Offeror's Responsibility Based on Plan.



• Question:

What makes an offeror nonresponsible based on the subcontracting plan?

Answer: The offeror is nonresponsible if:

- the plan does not incorporate the required elements.
- the plan is not submitted within the time specified.
- the offeror's past record of compliance with subcontracting plans is unfavorable.



TR 16-9

16.1.6 Determine Amount of Monetary Incentive.

Explain that the Government may use monetary incentives to support subcontracting programs.

Describe the incentive payment plan based on subcontracting achievement or award fee contracting.

Remind the class that the monetary incentive only applies if the requirement to submit a subcontracting plan exists.

- A contractor exceeding subcontracting goals will usually receive a percentage of the difference between amount of subcontract award and amount of subcontract goal.
- Percentage is determined by CO and ranges from 1 to 10%.
- The percentage is based on extent of effort by contractor.
- Monetary incentives should encourage a contractor to reach out to small and disadvantaged businesses.



CE 16-2

Assign Case Study “Review a Subcontracting Plan.”

Instruct the groups to review the subcontracting plan provided and identify any errors.

Tell the class that they have approximately 20 minutes for this case study.

Walk around the class and assist the groups as necessary. Answer any questions they may have.

Case Study 16-1

Review a Subcontracting Plan

Review the following summary of a subcontracting plan and identify any problem areas. Is more information required? Is the plan acceptable?

Megagiant Corporation has proposed a total price of \$8,200,000 for the production and delivery of portable special purpose vehicles for use in housing field inspection teams. The vehicles contain a lounge area, a small testing lab and toilets with showers. While, most of the components are available commercially, some components must be developed from scratch. Megagiant has submitted the required subcontracting plan which reads as follows:

SUBCONTRACTING PLAN

Megagiant proposes to subcontract 5% of the total bill of materials of \$2,300,800 with small business concerns. Mr. Jenson heads our subcontracting office and will oversee this goal. Our subcontracting department will include all relevant clauses in all subcontracts. Mr. Jenson will place ads in the newspaper to solicit small business participation. We keep copies of all subcontracts for seven years after completion of any contract. We propose that a 5% incentive fee be included for achieving our subcontracting goals.

Megagiant's bill of materials contained the following items:

Chassis	\$510,000
Hot plates	9,000
Refrigerators	29,000
Carpet	4,000
Drapes	4,000
Custom tables	30,000
Custom benches	15,000
Acoustical tile	3,000
Drive train	700,000
Custom bodies	600,000
Custom cabinets	300,000
Custom Air conditioners	80,000

Case Study 16-1

Review a Subcontracting Plan (cont.)

Instructor's answer: *Need assurance that Megagiant will require a subcontracting plan from the subcontractors for the chassis, drive train, and custom bodies if the subs are not small business.*

- *5% may not be a realistic goal given the bill of materials. Small businesses probably exist for all the custom work. The goals should be raised.*
- *Megagiant's plan to involve small business (advertising in the newspaper) is not adequate.*
- *There is no mention of disadvantaged business participation in the plan. (FAR 19.704(a)(1))*
- *There are no company procedures of functions described which would insure compliance with the plan. (FAR 19.704(a)(3))*
- *There is no agreement to participate in surveys or studies as required. (FAR 19.704(a)(5))*
- *The description of records which will be maintained is not sufficient. (FAR 19.704(a)(6))*

Review Exercise 16-1 “Review a Subcontracting Plan.”

Ask each group to present their review of the subcontracting plan.

Lead the class in a discussion of Exercise 16-1. Ask the following questions:

- What information has been omitted from the subcontracting plan?
- How can the subcontracting plan be made acceptable?
- What happens if you can't negotiate an acceptable plan?

Spend about 10 minutes reviewing the exercise.



TR 16-9

16.1.7 Notify SBA of Award.

Explain that the SBA must be provided with documentation that informs them of the awarded contract and subcontracting plan.

Emphasize that the SBA must be provided with documentation that informs them of the awarded contract and subcontracting plan.

TOPIC: INTRODUCTION TO AWARDS

Ref.: Chapter 16, Pages 16-10 to 16-12


Objective: When you finish the introduction to the lesson, your students should be able to:

- Define contract award.
- Describe the responsibilities of the Contract Specialist in finalizing the award.

Time: Friday 8:40 - 8:45

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-11	<p>Introduction to Awards.</p> <p><u>Explain</u> that once a CO has approved the recommendation for award, contract clearances must be obtained and preaward notification made before the award can be announced.</p> <p>Define Contract Award.</p> <p><u>Tell</u> the class that contract award occurs when the Government formally accepts the terms and conditions of an offer.</p> <p><u>Explain</u> that a contract legally binds the contractor and the Government.</p> <p>Describe the Contract Specialist's Responsibilities.</p> <p><u>Tell</u> the class that only a duly appointed CO can sign off on a contract award.</p>	

Explain that the CS must:

- Obtain approvals for award.
- Notify successful offerors.
- Notify unsuccessful offerors.
- Issue notices of award.
- Synopsize award.
- Document any reasons for not synopsizing award.

TOPIC: AWARDS

Ref.: Chapter 16, Pages 16-13 to 16-19


Objective: When you finish the lesson, your students should be able to:

- Obtain approvals for awarding contract.
- Make preaward notifications.
- Execute contract and transmit notice to successful offeror.
- Make postaward notifications.

Time: Friday 8:45 - 9:15

Method: Lecture/Discussion/Group Exercise

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-13	<p data-bbox="381 865 1073 961">16.2.1 Obtain Approvals for Awarding Contract.</p> <p data-bbox="427 1012 1068 1096"><u>Explain</u> that award decisions in negotiated contracting are subject to approvals that:</p> <ul data-bbox="427 1138 1055 1390" style="list-style-type: none"> • Provide safeguards since the award decisions are subjective. • Depend on your agency's review requirements. • Are usually based on the dollar value of the contract. <p data-bbox="427 1438 982 1522"><u>Discuss</u> the areas and issues that may require clearance and approval:</p> <ul data-bbox="427 1564 1047 1894" style="list-style-type: none"> • Actions leading to negotiation of terms. • Adequacy of proposed terms. • Information submitted in support of terms. • Compatibility with legal, technical, and business interests of the Government. • Necessity for acquisition. • Selection of sources. 	<p data-bbox="1096 1102 1425 1243">Mention the fact that in sealed bidding, award is made on an objective basis - lowest price.</p>

- Method of acquisition selection.
- Manner in which solicitations were made.
- Nature and scope of negotiations.
- Analysis of prior acquisitions and future plans.



Show VG 16-1 “Approving Officials.”



• Question:

What personnel are involved in approvals and clearances?

Answer:

- Legal Staff
- Level above CO
- Requiring Activity

Explain that legal approval ensures that all the requirements of law and regulation have been met and generally does not include a review of your decision.

Tell the class that on contracts with significant dollar values, approval by persons at a higher level than the CO may be required.

Explain that it is usually a good idea to obtain approval from the Requiring Activity before executing a contract.

Emphasize that these reviews help to prevent errors which can lead to protests.



TR 16-14

16.2.2 Make Preaward Notifications.

Describe the notifications that must be made before an award announcement is made.



Show VG 16-2 “Preaward Notifications.”

Tell the class that when the evaluation period for reviewing proposals exceeds 30 days, an offeror who submits an unacceptable proposal may be notified immediately that the proposal will not be considered.

Explain that in a small business set-aside, each unsuccessful offeror must be notified prior to award and they must be informed of the apparent successful offeror.

Give examples of situations in which the Agency Public Liaison Office should be notified prior to announcing the award.

Discuss the need for the release of information concerning an award to the media.

Tell the class that awards of over \$3 million must be reported in time for the public release time of 5:00 PM on the day of the award (Washington, DC time).



TR 16-15

16.2.3 Execute Contract.

Describe the process of executing the contract for award completion.



Question:

At what point do we have a completed award?

Answer: The award is completed by providing a properly executed award document to the successful offeror.

Discuss the various forms that may serve as the award document.



TR 16-16

16.2.4 Make Postaward Notifications.

Discuss the postaward notifications that must be made.

Caution the class against release of information prior to official announcement.



Show VG 16-3 “Postaward Notifications.”



TR 16-16

Describe the process for notifying:

- Requiring Activity
- Unsuccessful Offerors
- Commerce Business Daily
- Government Agencies

Tell the class that at this point, certain information that was restricted earlier may now be released.

- Number of solicitations.
- Number of proposals received.
- Name of offeror(s) receiving award.
- Items, quantities, and unit prices awarded.

Discuss the distribution of the contract.

Identify the individuals and agencies who should receive a copy of the contract.

- Contractor (awardee)
- Finance/Accounting Office
- Contract Administration Office
- Official Contract File
- Audit Agency
- Requiring Activity
- Other Offices as Prescribed by Policy

Describe the process for entering contract award data in the Federal Procurement Data System (FPDS).

Refer the class to page 16-17 of the Text Reference.

Tell the class that most agencies have their own automated system for loading FPDS information.



Question:

Who must receive post-award notification for the fireworks procurment?

Answer:

- Unsuccessful offerors
- Requiring activity
- Finance

Other groups may be appropriate for post-award notification. Be sure to discuss all possibilities.

TOPIC: INTRODUCTION TO DEBRIEFING

Ref.: Chapter 16, Pages 16-20 to 16-22



Objective: When you finish the introduction to the lesson, your students should be able to:

- Define debriefing and explain its purpose.
- Explain the policy associated with debriefing.

Time: Friday 9:15 - 9:20

Method: Lecture/Discussion

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-21	<p>Introduction to Debriefing.</p> <p><u>Explain</u> that debriefing is conducted after contract award with those unsuccessful offerors who request it.</p> <p><u>Tell</u> the class that debriefing should be conducted in such a manner that unsuccessful offerors are assured that the source selection process was conducted impartially and equitably.</p>	
	<p>Define Debriefing and Explain Its Purpose.</p> <p>• Question:</p> <p>What is debriefing?</p> <p>Answer: Debriefing is the act of telling unsuccessful offerors why their proposals were deficient.</p> <p><u>Explain</u> that the basic purpose of debriefing is to assist offerors in upgrading the quality of future proposals.</p>	

Explain the Policy of Debriefing.

Tell the class that unsuccessful offerors, who request it in writing should be debriefed as soon as possible after award and provided with the rationale for selection decision.

Explain that the Government is also benefited by debriefing. They help to maintain a broad base of suppliers and encourage more acceptable proposals for future acquisitions.

TOPIC: DEBRIEFING

Ref.: Chapter 16, Pages 16-23 to 16-25

Objective: When you finish the lesson, your students should be able to:


- Prepare for debriefing.
- Conduct debriefings.
- Document debriefings.

Time: Friday 9:20 - 10:20

Break 10:20 - 10:35

Method: Lecture/Discussion/Role-Play

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-23	<h3 data-bbox="381 865 1003 913">16.3.1 Prepare for Debriefing.</h3> <p data-bbox="427 961 1073 1123"><u>Explain</u> that in order to benefit the contractor in the future, the Government must provide full disclosure of a proposal's strengths and weaknesses.</p> <p data-bbox="427 1171 1040 1255"><u>Describe</u> the 4 steps to take in debriefing preparation:</p> <p data-bbox="427 1304 1057 1381"><u>Step 1:</u> Compile and review the technical evaluation memoranda.</p> <p data-bbox="427 1430 1040 1507"><u>Step 2:</u> Determine if technical personnel are needed.</p> <p data-bbox="427 1556 976 1591"><u>Step 3:</u> Prepare technical personnel.</p> <p data-bbox="427 1640 1040 1724"><u>Remind</u> the class that it is important that all of those participating in debriefing:</p> <ul data-bbox="427 1766 959 1850" style="list-style-type: none"> • Restrict their conversations to the rejected contractor's proposal. 	<p data-bbox="1096 1276 1430 1514">Emphasize the importance of documentation and that deficiencies previously given to unsuccessful offerors must be covered in debriefing.</p>

- Concentrate on deficient or inferior areas.
- Refrain from comparing the rejected proposal with other offers.

Step 4: Identify information that cannot be disclosed.

- Only discuss business and technical deficiencies specific to offeror's proposal.
- Do not disclose merits, technical standings, or scores of competitors.
- Do not disclose information that is not releasable under the FOIA such as trade secrets and confidential financial information.



TR 16-24



16.3.2 Conduct Debriefings.

Assign Role-Play 16-3 “Debriefing.”

Select four groups to conduct a debriefing.

- 1 Contractor group for Ohio
- 1 Contractor group for Elkton
- 1 Government group for Ohio
- 1 Government group for Elkton

Use the assignments from Exercises 12-2 and 13-1 as a guideline for this exercise.

Explain to the class that they will conduct a separate debriefings for each of the contractor's.

Tell the class members not directly involved to take notes and to look for the good and bad points in each debriefing.

Remember this role-play does not appear in the Classroom Exercise Book. Note that your copy includes roles for both groups.

Tell each group to prepare their opening statements. The Government should identify issues for technical personnel and information that cannot be disclosed. Both contractors must prepare questions for the debriefing.

Lead the class in a debriefing session allowing representatives from each group the class to exchange questions and information.

Allow 25 minutes to complete the exercise.

Allow approximately 10 minutes for the class to prepare this exercise.

Assist the groups while they prepare for the debriefing. Try to introduce issues that will facilitate the discussion.

Exercise 16-3

Role-Play Debriefing

(Instructor's Copy)

Conduct a debriefing with the unsuccessful offeror from the fireworks procurement. Choose and prepare your Technical Evaluation team for the debriefing. Use the bulleted list provided below.

Leslie Neilson - the Contract Specialist Leslie must conduct a debriefing with the unsuccessful offeror. She must assure Elkton Sparkler Co., that their proposal was evaluated fairly and impartially.

- Compile and review the technical evaluation memoranda.
- Determine if technical personnel are needed.
- Prepare technical personnel.
- Identify information that cannot be disclosed.
- Conduct debriefings.
- Document debriefing.

You have asked for a Government debriefing for the fireworks procurement. Prepare to question the award decision.

J.J. Jones - Program Manager, Elkton Sparkler Co, Inc. J. J. Jones is new at negotiating contracts and is about to attend his first debriefing. Elkton had some difficulty revising their proposal for the best and final offer. The government had requested a noisier finale, and J.J. felt he couldn't reduce the price without sacrificing the technical aspect of the program. He is curious about what the winning proposal looked like. Although he is disappointed to have lost the fireworks contract, he is anxious to obtain information that will improve future proposals by Elkton.

Marty Jones - CEO, Elkton Sparkler Co., Inc. Marty is furious about losing this contract. He is rather outspoken and plans to protest the award if he cannot be satisfied by this debriefing. His biggest question will be how the Technical Evaluators rated the winning proposal against Elkton's.

Timothy White - Vice President for Marketing and Finance, Ohio Fireworks Manufacturing Company. Timothy is very concerned about their recent slump in business. He is nervous about losing the contract. He wants to learn all he can so this won't happen again.

Exercise 16-3
Role-Play Debriefing
(Instructor's Copy)

Sara Lyle - CEO, Ohio Fireworks Manufacturing Company. Sara is concerned about the company's recent slump. She has recently replaced the old CEO and wants to use this opportunity to learn about their mistakes so they may win the next contract. She is very calm and acts in a professional business manner.

Instructor's answer: Leslie should include technical personnel to answer any questions about the technical deficiencies of the fireworks. Information that cannot be disclosed should include: references to other offeror's proposals and confidential financial information.

Instructor's notes: Be sure to keep this role-play confidential. It does not appear in the Classroom Exercise Book. this is done because this role-play will provide the class with the answers to an earlier exercise. In addition, **DO NOT** forget to collect this synopsis from the students at the conclusion of the role-play.

Exercise 16-3
Role-Play Debriefing
(Contract Specialist's Copy)

Conduct a debriefing with the unsuccessful offeror from the fireworks procurement. Choose and prepare your Technical Evaluation team for the debriefing. Use the bulleted list provided below.

Leslie Neilson - the Contract Specialist Leslie must conduct a debriefing with the unsuccessful offeror. She must assure Elkton Sparkler Co. and Ohio Fireworks Manufacturing Company that their proposal was evaluated fairly and impartially.

- Compile and review the technical evaluation memoranda.
- Determine if technical personnel are needed.
- Prepare technical personnel.
- Identify information that cannot be disclosed.
- Conduct debriefings.
- Document debriefing.

Exercise 16-3
Role-Play Debriefing
(Elkton's Copy)

Assume that the fireworks procurement was awarded to Ohio Fireworks Manufacturing Company. You have asked for a Government debriefing. Prepare to question the award decision.

J.J. Jones - Program Manager, Elkton Sparkler Co, Inc. J. J. Jones is new at negotiating contracts and is about to attend his first debriefing. Elkton had some difficulty revising their proposal for the best and final offer. The government had requested a noisier finale, and J.J. felt he couldn't reduce the price without sacrificing the technical aspect of the program. He is curious about what the winning proposal looked like. Although he is disappointed to have lost the fireworks contract, he is anxious to obtain information that will improve future proposals by Elkton.

Marty Jones - CEO, Elkton Sparkler Co., Inc. Marty is furious about losing this contract. He is rather outspoken and plans to protest the award if he cannot be satisfied by this debriefing. His biggest question will be how the Technical Evaluators rated the winning proposal against Elkton's.

Exercise 16-3
Role-Play Debriefing
(Ohio's Copy)

Assume that the fireworks procurement was awarded to Elkton Sparkler Co., Inc. You have requested a Government debriefing. Prepare to question the award decision.

Timothy White - Vice President for Marketing and Finance, Ohio Fireworks Manufacturing Company. Timothy is very concerned about their recent slump in business. He is nervous about losing the contract. He wants to learn all he can so this won't happen again.

Sara Lyle - CEO, Ohio Fireworks Manufacturing Company. Sara is concerned about the company's recent slump. She has recently replaced the old CEO and wants to use this opportunity to learn about their mistakes so they may win the next contract. She is very calm and acts in a professional business manner.

Review Exercise 16-3 “Debriefing.”

Discuss the points that were raised during debriefing.

Ask the following questions:

- What information was disclosed?
- How will that information help the contractor in the future?
- What information was asked for but not disclosed?
- How did the Contract Specialist handle the non-disclosure of information?
- What was the overall outcome of debriefing?

Remember to collect the role-play.

Don’t forget to collect the role-play synopsis.

16.3.3 Document the Debriefing.

Ask the class to present the results of their documentation during the debriefing role-play.



• Question:

Should a tape recording of the debriefing session be allowed?

Answer: A request to tape record the debriefing should be politely declined because taping may inhibit both Government and industry personnel and limit the benefits of debriefing to both.

End of Chapter 16 - Subcontracting Plans, Award & Debriefing

BREAK

Lesson Plan

FINAL REVIEW

TIME	TOPIC	OBJECTIVES
Friday 10:35 -10:40	Introduction to the Final Review	<ul style="list-style-type: none">• Identify how to play the review game.
Friday 10:40 - 12:00	Price Objectives	<ul style="list-style-type: none">• Analyze market conditions and pricing data.• Develop and support the Government's prenegotiation position on price.
	Certificates of Cost and Pricing Data & Audits	<ul style="list-style-type: none">• Determine the necessity for and obtain certificates of current cost or pricing data and certificates of commercial pricing.• Determine the need for, request and review audit reports; resolve questions on audits with auditors.
	Cost Analysis	<ul style="list-style-type: none">• Analyze proposed elements of cost to develop prenegotiation ranges on major elements of cost.
	Competitive Range, Factfinding, Negotiation Strategy	<ul style="list-style-type: none">• Establish the competitive range.• Conduct/participate in factfinding sessions.• Develop prenegotiation objectives, strategies, and tactics.
	Conducting Negotiations and Mistakes	<ul style="list-style-type: none">• Conduct negotiation sessions.• Prepare price negotiation memoranda.• Identify and correct mistakes in offers.
	Preparing Awards	<ul style="list-style-type: none">• Make or recommend the final source selection decision or reject all offers.• Prepare and review contracts.
	Subcontracting Goals, Award & Debriefing	<ul style="list-style-type: none">• Review and approve subcontracting plans for inclusion in the contract.• Apply procedures for awarding contracts and provide notice of awards.• Debrief unsuccessful offerors.

Lesson Plan

FINAL REVIEW (cont'd.)

TIME	TOPIC	OBJECTIVES
Friday 12:00 - 1:00	LUNCH	
Friday 1:00 - 2:30	EXAM	

TOPIC: INTRODUCTION TO THE FINAL REVIEW

Ref.:


Objective: When you finish the introduction to the review, your students should be able to:

- Identify how to play the review game.

Time: Friday 10:35 - 10:40

Method: Lecture

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 CE I-8	<p>Introduction to Review.</p> <p><u>Explain</u> that this review will cover Chapters 9, 10, 11, 12, 13, 15 and 16.</p> <p><u>Tell</u> the class that the game will be played just like the Mid-Week Review.</p> <p><u>Remind</u> the class that 20 points will be awarded for a correct answer.</p> <p><u>Tell</u> the class that 10 points will be deducted from their score for an incorrect response, however they may choose to pass on a question to avoid losing points.</p> <p><u>Explain</u> that failure to answer correctly will mean that the next group has the opportunity to “steal” the question for 10 points. But if they answer the “stolen question” incorrectly, they will also lose 10 points.</p>	<p>Spend approximately 30 minutes on the review game. Afterwards, time has been built into the schedule for extra review questions from the students; catching up if you are behind schedule; or altering lunch and exam start time if class so wishes.</p>

Final Review

Tell the class that each question will be shown on a view graph.

Inform the class that the review is closed book, and they may not use their Text Reference or other course materials.

Explain that there is no particular order to the questions.

Write the group names on the chalkboard. This will be used as a scoreboard.



If you did not do the Mid-Week Review, you may want to add in those questions for the Final Review.

TOPIC: COST ANALYSIS

Ref.: Chapter 9



Objective: When you finish the review, your students should be able to:

- Analyze market conditions and pricing data.
- Develop and support Government's prenegotiation position on price.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref	Steps In Presenting The Topic	Instructors Notes
 TR 9-3	<p>Show VG R-9-1 “Question 9-1.”</p> <ul style="list-style-type: none"> • Question: <p>What is the process of examining and evaluating separate cost elements and proposed profit?</p> <ul style="list-style-type: none"> • Answer: <p>Price analysis.</p>	
 TR 9-3	<p>Show VG R-9-2 “Question 9-2.”</p> <ul style="list-style-type: none"> • Question: <p>How does the Government determine a fair and reasonable prenegotiation price objective for a procurement?</p> <ul style="list-style-type: none"> • Answer: <p>Perform either a price analysis or a combination of price and cost analyses.</p>	



TR 9-14

Show VG R-9-3 “Question 9-3.”

- **Question:**

Name 3 techniques that will assist you in evaluating prices?

- **Answer:**

- Visual Analysis
- Value Analysis
- Product Variation Adjustments
- Economic Ordering Quantities
- Ratio Analysis
- Trend Analysis
- First Article Testing Comparison
- Shelf Items vs. Special Production
- Learning Curve

The instructor must determine what constitutes a correct answer.

TOPIC: PRICE RELATED CERTIFICATES & AUDITS

Ref.: Chapter 10


Objective: When you finish the review, your students should be able to:

- Determine the necessity for and obtain Certificates of Current Cost or Pricing Data and Certificates of Commercial Pricing.
- Determine the need for request and review audit reports; resolve questions on audits with auditors.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 10-3	<p>Show VG R-10-1 “Question 10-1.”</p> <ul style="list-style-type: none">• Question: What does the offeror submit at the conclusion of negotiations that attests to the accuracy, currency, and completeness of their pricing proposal?• Answer: A certification of current cost or pricing data.	



TR 10-21

Show VG R-10-2 “Question 10-2.”

- **Question:**

What should you do when field pricing support is not available or is exempt and additional information is necessary to determine the reasonableness of proposed prices?

- **Answer:**

Request an audit.

TOPIC: COST ANALYSIS

Ref.: Chapter 11



Objective: When you finish the review, your students should be able to:

- Analyze proposed elements of cost to develop prenegotiation ranges on major elements of cost.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 11-16	<p>Show VG R-11-1 “Question 11-1.”</p> <ul style="list-style-type: none"> • Question: What are possible or probable events or cost risks that can be provided for in the proposal? • Answer: Contingencies. 	
 TR 11-8	<p>Show VG R-11-2 “Question 11-2.”</p> <ul style="list-style-type: none"> • Question: Name 3 factors you use to determine if a cost is allowable. • Answer: <ul style="list-style-type: none"> - Reasonableness - Allocability - Cost Accounting Standards - Cost Principles - Terms of the Solicitation 	<p>The instructor must determine what constitutes a complete answer.</p>

Final Review

TOPIC: COMPETITIVE RANGE

Ref.: Chapter 12



Objective: When you finish the review, your students should be able to:

- Establish the competitive range.
- Conduct/participate in factfinding sessions.
- Develop prenegotiation objectives, strategies, and tactics.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 12-3	<p>Show VG R-12-1 “Question 12-1.”</p> <ul style="list-style-type: none"> • Question: What is established to eliminate proposals that do not have a reasonable chance of selection? • Answer: The competitive range. 	
 TR 12-11	<p>Show VG R-12-2 “Question 12-2.”</p> <ul style="list-style-type: none"> • Question: What is conducted in order to clarify offeror’s proposal? • Answer: Factfinding. 	

Final Review

TOPIC: CONDUCTING NEGOTIATIONS & MISTAKES

Ref.: Chapter 13



Objective: When you finish the review, your students should be able to:

- Conduct negotiation sessions.
- Prepare price negotiation memoranda.
- Identify and correct mistakes in offers.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 13-3	<p>Show VG R-13-1 “Question 13-1.”</p> <ul style="list-style-type: none"> • Question: <p>What procedure permits bargaining and affords offerors an opportunity to revise their offers before award?</p> <ul style="list-style-type: none"> • Answer: <p>Negotiations or discussions.</p>	
 TR 13-8	<p>Show VG R-13-2“ Question 13-2.”</p> <ul style="list-style-type: none"> • Question: <p>Name 3 areas of concern with an offeror’s proposal that are addressed in meaningful discussions.</p>	

- **Answer:**

- Technical Matters
- Terms and Conditions
- Clarifications
- Deficiencies
- Price and the Business Terms and Conditions?



TR 13-11

Show VG R-13-3 “Question 13-3.”

- **Question:**

What documentation helps establish the reasonableness of an agreement reached with the offeror?

- **Answer:**

Price Negotiation Memorandum (PNM)



TR 13-15

Show VG R-13-4 “Question 13-4.”

- **Question:**

Name 2 examples of mistakes or suspected mistakes in offers.

- **Answer:**

- Omissions of certifications, signatures, or required number of copies.
- Transposition of numbers.
- Mistakes in calculation.
- Unusually low offer.

TOPIC: PREPARING AWARDS

Ref.: Chapter 15



Objective: When you finish the review, your students should be able to:

- Make or recommend the final source selection decision or reject all offers.
- Prepare and review contracts.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 15-3	<p>Show VG R-15-1 “Question 15-1.”</p> <ul style="list-style-type: none">• Question: <p>What is a legal and binding agreement that accurately conveys what was agreed upon by the Government and the offeror?</p> <ul style="list-style-type: none">• Answer: <p>A contract.</p>	
 TR 15-7	<p>Show VG R-15-2 “Question 15-2.”</p> <ul style="list-style-type: none">• Question: <p>Name 2 reviewers of award recommendations.</p>	

- **Answer:**

- Contracting Officer
- A level higher than the CO
- Source Selection Authority



TR 15-8

Show VG R-15-3 “Question 15-3.”

- **Question:**

What is the acceptance of an offer?

- **Answer:**

Award

TOPIC: SUBCONTRACTING PLANS, AWARD, DEBRIEFING

Ref.: Chapter 16



Objective: When you finish the review, your students should be able to:

- Review and approve subcontracting plans for inclusion in the contract.
- Apply procedures for awarding contracts and provide notice of awards.
- Debrief unsuccessful offerors.

Time: Friday 10:40 - 12:00

Method: Question and Answer Game

Lesson Plan

Ref.	Steps In Presenting The Topic	Instructors Notes
 TR 16-3	<p>Show VG R-16-1 “Question 16-1.”</p> <ul style="list-style-type: none"> • Question: <p>What ensures small business concerns and small disadvantaged business concerns shall have the maximum opportunity to participate in contract performance?</p> <ul style="list-style-type: none"> • Answer: <p>A subcontracting plan.</p>	
 TR 16-11	<p>Show VG R-16-2 “Question 16-2.”</p> <ul style="list-style-type: none"> • Question: <p>Name 3 tasks the Contract Specialist must complete to finalize the award process?</p>	

- **Answer:**

- Obtaining approvals
- Notifying successful offeror
- Notifying unsuccessful offerors
- Issuing notices of award
- Synopsizing award



TR 16-16

Show VG R-16-3 “Question 16-3.”

- **Question:**

Name 2 individuals/agencies that must receive post-award notifications.

- **Answer:**

- Requiring Activity
- Unsuccessful offerors
- Commerce Business Daily
- Any Government Agency with aN Interest in the Contract

Ask class for examples of agencies that might have an interest in contract.

- SBA
- Department of Labor
- General Services Administration



TR 16-21

Show VG R-16-4 “Question 16-4.”

- **Question:**

What is assisting offerors in upgrading the quality of their future proposals by identifying areas where they can improve their proposal techniques?

- **Answer:**

A debriefing.

End of Final Review

LUNCH
